

Senate Amendment 3401

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1 1 Amend the amendment, S=3391, to House File 692, as
1 2 amended, passed, and reprinted by the House, as
1 3 follows:
1 4 #1. By striking page 1, line 5, through page 189,
1 5 line 19, and inserting the following:
1 6 <<DIVISION I
1 7 PROPERTY TAXATION
1 8 Section 1. Section 441.19, subsections 1 and 2,
1 9 Code 2003, are amended to read as follows:
1 10 1. Supplemental and optional to the procedure for
1 11 the assessment of property by the assessor as provided
1 12 in this chapter, the assessor may require from all
1 13 persons required to list their property for taxation
1 14 as provided by sections 428.1 and 428.2, a
1 15 supplemental return to be prescribed by the director
1 16 of revenue and finance upon which the person shall
1 17 list the person's property and any additions or
1 18 modifications completed in the prior year to a
1 19 structure located on the property. The supplemental
1 20 return shall be in substantially the same form as now
1 21 prescribed by law for the assessment rolls used in the
1 22 listing of property by the assessors. Every person
1 23 required to list property for taxation shall make a
1 24 complete listing of the property upon supplemental
1 25 forms and return the listing to the assessor ~~as~~
1 26 promptly as possible within thirty days of receiving
1 27 the assessment notice in section 441.23. The return
1 28 shall be verified over the signature of the person
1 29 making the return and section 441.25 applies to any
1 30 person making such a return. The assessor shall make
1 31 supplemental return forms available as soon as
1 32 practicable after the first day of January of each
1 33 year. The assessor shall make supplemental return
1 34 forms available to the taxpayer by mail, or at a
1 35 designated place within the taxing district.
1 36 2. Upon receipt of such supplemental return from
1 37 any person the assessor shall prepare a roll assessing
1 38 such person as hereinafter provided. In the
1 39 preparation of such assessment roll the assessor shall
1 40 be guided not only by the information contained in
1 41 such supplemental roll, but by any other information
1 42 the assessor may have or which may be obtained by the
1 43 assessor as prescribed by the law relating to the
1 44 assessment of property. The assessor shall not be
1 45 bound by any values or square footage determinations
1 46 or purchase prices as listed in such supplemental
1 47 return, and may include in the assessment roll any
1 48 property omitted from the supplemental return which in
1 49 the knowledge and belief of the assessor should be
1 50 listed as required by law by the person making the
2 1 supplemental return. Upon completion of such roll the
2 2 assessor shall deliver to the person submitting such
2 3 supplemental return a copy of the assessment roll,
2 4 either personally or by mail.
2 5 Sec. 2. NEW SECTION. 441.20 LEGISLATIVE INTENT.
2 6 It is the intent of the general assembly that there
2 7 be transparency in the property tax system. It is
2 8 further the intent of the general assembly that
2 9 property assessments for purposes of property taxation
2 10 be equal and uniform within classes of property. It
2 11 is further the intent of the general assembly to
2 12 minimize the impact that maintenance and upkeep by the
2 13 owner of property has on the assessment of that
2 14 property and that there be predictability in increases
2 15 of property assessments and that such predictability
2 16 be based primarily on the actions of the property
2 17 owner. It is further the intent of the general
2 18 assembly to minimize the impact that increases in
2 19 assessed value of property will have on property taxes
2 20 paid and that any increases will be primarily the
2 21 result of direct action taken by the local taxing

2 22 authority in setting budget amounts rather than by
2 23 increases in market value of property.
2 24 Sec. 3. Section 441.21, Code 2003, is amended by
2 25 striking the section and inserting in lieu thereof the
2 26 following:
2 27 441.21 ASSESSMENT OF STRUCTURES.
2 28 1. All real property, except land, subject to
2 29 taxation shall be assessed on a value per square foot
2 30 basis according to the provisions of this section.
2 31 2. a. Subject to paragraph "b", for valuations
2 32 established as of January 1, 2006, and for subsequent
2 33 assessment years, the assessed value per square foot
2 34 of a residential structure shall be an amount equal to
2 35 the valuation of the structure as determined for the
2 36 assessment year beginning January 1, 2005, prior to
2 37 application of the assessment limitation for that
2 38 year, divided by the total number of square feet of
2 39 the structure as of January 1, 2005.
2 40 b. (1) The assessed value per square foot of an
2 41 existing residential structure purchased after January
2 42 1, 2005, shall be the purchase price of the structure
2 43 divided by the cumulative inflation factor established
2 44 for the assessment year following the year of
2 45 purchase, divided by the total number of square feet
2 46 of the structure as of January 1 of the assessment
2 47 year. The assessed value per square foot of a
2 48 residential structure newly constructed after January
2 49 1, 2005, shall be the market value of the structure,
2 50 as determined by the assessor, divided by the
3 1 cumulative inflation factor established for the
3 2 assessment year following the year construction was
3 3 completed, divided by the total number of square feet
3 4 of the structure as of January 1 of the assessment
3 5 year. However, when valuing an addition that
3 6 substantially increases the square footage of a
3 7 structure, only that portion of the structure
3 8 comprising the addition shall be valued by the
3 9 assessor under this subparagraph.
3 10 (2) If additions or modifications to an existing
3 11 structure do not constitute a newly constructed
3 12 structure, the valuation of the structure shall only
3 13 increase if the square footage of the structure
3 14 increases. The increased valuation, if any, equals
3 15 the amount of increased square feet times the value
3 16 per square foot of the structure prior to the
3 17 additions or modifications.
3 18 3. a. Subject to paragraph "b" for valuations
3 19 established as of January 1, 2006, and for subsequent
3 20 assessment years, the assessed value per square foot
3 21 of a commercial or industrial structure shall be an
3 22 amount equal to the valuation of the structure as
3 23 determined for the assessment year beginning January
3 24 1, 2005, prior to application of the assessment
3 25 limitation for that year, divided by the total number
3 26 of square feet of the structure as of January 1, 2005.
3 27 b. (1) The assessed value per square foot of an
3 28 existing commercial or industrial structure purchased
3 29 after January 1, 2005, shall be the purchase price of
3 30 the structure divided by the cumulative inflation
3 31 factor established for the assessment year following
3 32 the year of purchase, divided by the total number of
3 33 square feet of the structure as of January 1 of the
3 34 assessment year. The assessed value per square foot
3 35 of a commercial or industrial structure newly
3 36 constructed after January 1, 2005, shall be the market
3 37 value of the structure, as determined by the assessor,
3 38 divided by the cumulative inflation factor established
3 39 for the assessment year following the year
3 40 construction was completed, divided by the total
3 41 number of square feet of the structure as of January 1
3 42 of the assessment year. However, when valuing an
3 43 addition that substantially increases the square
3 44 footage of a structure, only that portion of the
3 45 structure comprising the addition shall be valued by
3 46 the assessor under this subparagraph.
3 47 (2) If additions or modifications to an existing
3 48 structure do not constitute a newly constructed
3 49 structure, the valuation of the structure shall only
3 50 increase if the square footage of the structure
4 1 increases. The increased valuation, if any, equals
4 2 the amount of increased square feet times the value

4 3 per square foot of the structure prior to the
4 4 additions or modifications.
4 5 4. a. Subject to paragraph "b" for valuations
4 6 established as of January 1, 2006, and for subsequent
4 7 assessment years, the assessed value per square foot
4 8 of an agricultural structure that is not an
4 9 agricultural dwelling shall be an amount equal to the
4 10 valuation of the structure as determined for the
4 11 assessment year beginning January 1, 2005, prior to
4 12 application of the assessment limitation for that
4 13 year, divided by the total number of square feet of
4 14 the structure as of January 1, 2005.

4 15 b. (1) The assessed value per square foot of an
4 16 existing agricultural structure purchased after
4 17 January 1, 2005, shall be the productivity value of
4 18 the structure divided by the cumulative inflation
4 19 factor established for the assessment year following
4 20 the year of purchase, divided by the total number of
4 21 square feet of the structure as of January 1 of the
4 22 assessment year. The assessed value per square foot
4 23 of an agricultural structure newly constructed after
4 24 January 1, 2005, shall be the productivity value of
4 25 the structure for the assessment year following the
4 26 year construction was completed, as determined by the
4 27 assessor, divided by the cumulative inflation factor
4 28 established for the assessment year following the year
4 29 construction was completed, divided by the total
4 30 number of square feet of the structure as of January 1
4 31 of the assessment year. However, when valuing an
4 32 addition that substantially increases the square
4 33 footage of a structure, only that portion of the
4 34 structure comprising the addition shall be valued by
4 35 the assessor under this subparagraph.

4 36 (2) If additions or modifications to an existing
4 37 structure do not constitute a newly constructed
4 38 structure, the valuation of the structure shall only
4 39 increase if the square footage of the structure
4 40 increases. The increased valuation, if any, equals
4 41 the amount of increased square feet times the value
4 42 per square foot of the structure prior to the
4 43 additions or modifications.

4 44 5. a. In determining the market value of newly
4 45 constructed property, except agricultural structures,
4 46 the assessor may determine the value of the property
4 47 using uniform and recognized appraisal methods
4 48 including its productive and earning capacity, if any,
4 49 industrial conditions, its cost, physical and
4 50 functional depreciation and obsolescence and
5 1 replacement cost, and all other factors which would
5 2 assist in determining the fair and reasonable market
5 3 value of the property but the actual value shall not
5 4 be determined by use of only one such factor. The
5 5 following shall not be taken into consideration:
5 6 special value or use value of the property to its
5 7 present owner, and the goodwill or value of a business
5 8 that uses the property as distinguished from the value
5 9 of the property as property. However, in assessing
5 10 property that is rented or leased to low-income
5 11 individuals and families as authorized by section 42
5 12 of the Internal Revenue Code, as amended, and which
5 13 section limits the amount that the individual or
5 14 family pays for the rental or lease of units in the
5 15 property, the assessor shall use the productive and
5 16 earning capacity from the actual rents received as a
5 17 method of appraisal and shall take into account the
5 18 extent to which that use and limitation reduces the
5 19 market value of the property. The assessor shall not
5 20 consider any tax credit equity or other subsidized
5 21 financing as income provided to the property in
5 22 determining the market value. Upon adoption of
5 23 uniform rules by the department of revenue and finance
5 24 or covering assessments and valuations of such
5 25 properties, the valuation on such properties shall be
5 26 determined in accordance with such values for
5 27 assessment purposes to assure uniformity, but such
5 28 rules shall not be inconsistent with or change the
5 29 foregoing means of determining the market value.

5 30 b. The actual value of special purpose tooling,
5 31 which is subject to assessment and taxation as real
5 32 property under section 427A.1, subsection 1, paragraph
5 33 "e", but which can be used only to manufacture

5 34 property which is protected by one or more United
5 35 States or foreign patents, shall not exceed the fair
5 36 and reasonable exchange value between a willing buyer
5 37 and a willing seller, assuming that the willing buyer
5 38 is purchasing only the special purpose tooling and not
5 39 the patent covering the property which the special
5 40 purpose tooling is designed to manufacture nor the
5 41 rights to manufacture the patented property. For
5 42 purposes of this paragraph, special purpose tooling
5 43 includes dies, jigs, fixtures, molds, patterns, and
5 44 similar property. The assessor shall not take into
5 45 consideration the special value or use value to the
5 46 present owner of the special purpose tooling which is
5 47 designed and intended solely for the manufacture of
5 48 property protected by a patent in arriving at the
5 49 actual value of the special purpose tooling.

5 50 c. In determining the purchase price of a
6 1 structure, the assessor shall consider whether the
6 2 sale was a fair and reasonable exchange in the year in
6 3 which the property was listed and valued between a
6 4 willing buyer and a willing seller, neither being
6 5 under any compulsion to buy or sell and each being
6 6 familiar with all the facts relating to the particular
6 7 property. Sale prices of the property or comparable
6 8 property in normal transactions reflecting market
6 9 value, and the probable availability or unavailability
6 10 of persons interested in purchasing the property,
6 11 shall be taken into consideration in determining
6 12 purchase price. In determining purchase price, sale
6 13 prices of property in abnormal transactions not
6 14 reflecting market value shall not be taken into
6 15 account, or shall be adjusted to eliminate the effect
6 16 of factors which distort market value, including but
6 17 not limited to sales to immediate family of the
6 18 seller, foreclosure or other forced sales, contract
6 19 sales, or discounted purchase transactions.

6 20 d. If a county enters into a contract before May
6 21 1, 2003, for a comprehensive revaluation by a private
6 22 appraiser and such revaluation is for the assessment
6 23 year beginning January 1, 2006, the valuations
6 24 determined under the comprehensive revaluation for
6 25 that assessment year shall be divided by the
6 26 cumulative inflation factor for the assessment year
6 27 beginning January 1, 2006, and that quotient shall be
6 28 considered the valuation of the property for the
6 29 assessment year beginning January 1, 2005.

6 30 6. Notwithstanding any other provision of this
6 31 section, the assessed value per square foot of a
6 32 structure times the total number of square feet of the
6 33 structure shall not exceed its fair and reasonable
6 34 market value for the assessment year, except for
6 35 agricultural structures which shall be valued
6 36 exclusively as provided in subsection 4.

6 37 7. For purposes of this section:

6 38 a. "Annual inflation factor" means an index,
6 39 expressed as a percentage, determined by the
6 40 department by January 15 of the assessment year for
6 41 which the factor is determined, which reflects the
6 42 purchasing power of the dollar as a result of
6 43 inflation during the twelve-month period ending
6 44 September 30 of the calendar year preceding the
6 45 assessment year for which the factor is determined.
6 46 In determining the annual inflation factor, the
6 47 department shall use the annual percent change, but
6 48 not less than zero percent, in the gross domestic
6 49 product price deflator computed for the calendar year
6 50 by the bureau of economic analysis of the United
7 1 States department of commerce and shall add all of
7 2 that percent change to one hundred percent. The
7 3 annual inflation factor and the cumulative inflation
7 4 factor shall each be expressed as a percentage rounded
7 5 to the nearest one-tenth of one percent. The annual
7 6 inflation factor shall not be less than one hundred
7 7 percent. The annual inflation factor for the 2005
7 8 calendar year is one hundred percent.

7 9 b. "Cumulative inflation factor" means the product
7 10 of the annual inflation factor for the 2005 calendar
7 11 year and all annual inflation factors for subsequent
7 12 calendar years as determined pursuant to this
7 13 subsection. The cumulative inflation factor applies
7 14 to the assessment year beginning on January 1 of the

7 15 calendar year for which the latest annual inflation
7 16 factor has been determined.

7 17 c. "Newly constructed" includes, but is not
7 18 limited to, structural replacement, additions that
7 19 substantially increase the square footage, conversion
7 20 into another class of property, and conversion from
7 21 exempt property under section 427.1 to taxable
7 22 property. For commercial and industrial property,
7 23 "newly constructed" also includes an addition or
7 24 removal to a structure of personal property taxed as
7 25 real estate under chapter 427A.

7 26 d. "Structure" means any part of that which is
7 27 built or constructed, an edifice or building of any
7 28 kind, or any piece of work artificially built up or
7 29 composed of parts joined together in some definite
7 30 manner. For residential structures, structure
7 31 includes only those parts of the structure, including
7 32 basements and attics, that are or could be used as
7 33 living space. "Structure" does not include the land
7 34 beneath, or horizontal improvements relating to the
7 35 structure, such as sidewalks, sewers, or retaining
7 36 walls.

7 37 8. For the purpose of computing the debt
7 38 limitations for municipalities, political
7 39 subdivisions, and school districts, the term "actual
7 40 value" means the "actual value" as determined under
7 41 this section without application of any percentage
7 42 reduction and entered opposite each item, and as
7 43 listed on the tax list as provided in section 443.2,
7 44 as "actual value".

7 45 Whenever any board of review or other tribunal
7 46 changes the assessed value of property, all applicable
7 47 records of assessment shall be adjusted to reflect
7 48 such change in both assessed value and actual value of
7 49 such property.

7 50 9. The provisions of this chapter and chapters
8 1 443, 443A, and 444 shall be subject to legislative
8 2 review at least once every five years. The review
8 3 shall be based upon a property tax status report
8 4 containing the recommendations of a property tax
8 5 implementation committee appointed to conduct a review
8 6 of the land tax, square footage tax, the baseline
8 7 assessment for the square footage tax, and other
8 8 related provisions, to be prepared with the assistance
8 9 of the departments of management and revenue and
8 10 finance. The report shall include recommendations for
8 11 changes or revisions based upon demographic changes
8 12 and property tax valuation fluctuations observed
8 13 during the preceding five-year interval, and a summary
8 14 of issues that have arisen since the previous review
8 15 and potential approaches for their resolution. The
8 16 first such report shall be submitted to the general
8 17 assembly no later than January 1, 2010, with
8 18 subsequent reports developed and submitted by January
8 19 1 at least every fifth year thereafter.

8 20 Sec. 4. NEW SECTION. 441.21A PROPERTY
8 21 CLASSIFICATIONS.

8 22 1. a. Agricultural land shall be valued at its
8 23 productivity value. The productivity value of
8 24 agricultural land shall be determined on the basis of
8 25 productivity and net earning capacity of the land
8 26 determined on the basis of its use for agricultural
8 27 purposes capitalized at a rate of seven percent and
8 28 applied uniformly among counties and among classes of
8 29 property. Any formula or method employed to determine
8 30 productivity and net earning capacity of land shall be
8 31 adopted in full by rule.

8 32 b. In counties or townships in which field work on
8 33 a modern soil survey has been completed since January
8 34 1, 1949, the assessor shall place emphasis upon the
8 35 results of the survey in spreading the valuation among
8 36 individual parcels of such agricultural land.

8 37 c. "Agricultural land" includes the land of a
8 38 vineyard.

8 39 2. a. "Residential property" includes all lands
8 40 and buildings which are primarily used or intended for
8 41 human habitation, including those buildings located on
8 42 agricultural land. Buildings used primarily or
8 43 intended for human habitation shall include the
8 44 dwelling as well as structures and improvements used
8 45 primarily as a part of, or in conjunction with, the

8 46 dwelling. This includes but is not limited to
8 47 garages, whether attached or detached, tennis courts,
8 48 swimming pools, guest cottages, and storage sheds for
8 49 household goods. Residential property located on
8 50 agricultural land shall include only buildings.

9 1 b. "Residential property" includes all land and
9 2 buildings of multiple housing cooperatives organized
9 3 under chapter 499A and includes land and buildings
9 4 used primarily for human habitation which land and
9 5 buildings are owned and operated by organizations that
9 6 have received tax-exempt status under section
9 7 501(c)(3) of the Internal Revenue Code and rental
9 8 income from the property is not taxed as unrelated
9 9 business income under section 422.33, subsection 1A.

9 10 c. "Residential property" includes an apartment in
9 11 a horizontal property regime referred to in chapter
9 12 499B which is used or intended for use for human
9 13 habitation regardless of who occupies the apartment.
9 14 Existing structures shall not be converted to a
9 15 horizontal property regime unless applicable building
9 16 code requirements have been met.

9 17 d. Buildings for human habitation that are used as
9 18 commercial ventures, including but not limited to
9 19 hotels, motels, rest homes, and structures containing
9 20 three or more separate living quarters shall not be
9 21 considered residential property.

9 22 Sec. 5. Section 441.23, Code 2003, is amended to
9 23 read as follows:

9 24 441.23 NOTICE OF VALUATION.

9 25 If there has been an increase or decrease in the
9 26 valuation of the property, or upon the written request
9 27 of the person assessed, the assessor shall, at the
9 28 time of making the assessment, inform the person
9 29 assessed, in writing, of the valuation put upon the
9 30 taxpayer's property, and notify the person, if the
9 31 person feels aggrieved, to appear before the board of
9 32 review and show why the assessment should be changed.
9 33 However, if the valuation of ~~a class of agricultural~~
9 34 property is uniformly decreased, the assessor may
9 35 notify the affected property owners by publication in
9 36 the official newspapers of the county. The owners of
9 37 real property shall be notified not later than April
9 38 15 of any adjustment of the real property assessment.
9 39 The notification shall include a supplemental return
9 40 form for the person to list the person's property and
9 41 any additions or modifications completed in the prior
9 42 year to a structure located on the property, as
9 43 required in section 441.19.

9 44 Sec. 6. Section 441.24, Code 2003, is amended to
9 45 read as follows:

9 46 441.24 REFUSAL TO FURNISH STATEMENT.

9 47 1. If a person refuses to furnish the verified
9 48 statements required in connection with the assessment
9 49 of property by the assessor, or to list the
9 50 corporation's or person's property, the director of
10 1 revenue and finance, or assessor, as the case may be,
10 2 shall proceed to list and assess the property
10 3 according to the best information obtainable, and
10 4 shall add to the ~~taxable agricultural land and square~~
10 5 footage valuation one hundred percent thereof, which
10 6 valuation and penalty shall be separately shown, and
10 7 shall constitute the assessment; and if the
10 8 agricultural land or square footage valuation of the
10 9 property is changed by a board of review, or on appeal
10 10 from a board of review, a like penalty shall be added
10 11 to the valuation thus fixed.

10 12 2. However, all or part of the penalty imposed
10 13 under this section may be waived by the board of
10 14 review upon application to the board by the assessor
10 15 or the property owner. The waiver or reduction in the
10 16 penalty shall be allowed only on the agricultural land
10 17 or the square footage valuation of real property the
10 18 structure against which the penalty has been imposed.

10 19 Sec. 7. Section 441.26, unnumbered paragraph 3,
10 20 Code 2003, is amended to read as follows:

10 21 The notice in ~~1981~~ 2007 and each odd-numbered year
10 22 thereafter shall contain a statement that ~~the~~
10 23 agricultural property assessments and property
10 24 assessed pursuant to section 441.21, subsection 2,
10 25 paragraph "b", subparagraph (1), and subsection 3,
10 26 paragraph "b", subparagraph (1), are subject to

10 27 equalization pursuant to an order issued by the
10 28 director of revenue and finance, that the county
10 29 auditor shall give notice on or before October 15 by
10 30 publication in an official newspaper of general
10 31 circulation to any ~~class of agricultural~~ property
10 32 affected by the equalization order, and that the board
10 33 of review shall be in session from October 15 to
10 34 November 15 to hear protests of affected property
10 35 owners or taxpayers whose valuations have been
10 36 adjusted by the equalization order.

10 37 Sec. 8. Section 441.26, unnumbered paragraphs 4
10 38 and 5, Code 2003, are amended to read as follows:

10 39 The assessment rolls shall be used in listing the
10 40 property, the number of structures, and the total
10 41 square footage of the structures by class of property,

10 42 and showing the values affixed to agricultural land
10 43 and the assessed value per square foot affixed to the

10 44 ~~property the structures by class of property~~ of all
10 45 persons assessed. The rolls shall be made in
10 46 duplicate. The duplicate roll shall be signed by the
10 47 assessor, detached from the original and delivered to
10 48 the person assessed if there has been an increase or
10 49 decrease in the valuation of the property. If there
10 50 has been no change in the evaluation, the information
11 1 on the roll may be printed on computer stock paper and
11 2 preserved as required by this chapter. If the person
11 3 assessed requests in writing a copy of the roll, the
11 4 copy shall be provided to the person. The pages of
11 5 the assessor's assessment book shall contain columns
11 6 ruled and headed for the information required by this
11 7 chapter and that which the director of revenue and
11 8 finance deems essential in the equalization work of
11 9 the director. The assessor shall return all
11 10 assessment rolls and schedules to the county auditor,
11 11 along with the completed assessment book, as provided
11 12 in this chapter, and the county auditor shall
11 13 carefully keep and preserve the rolls, schedules and
11 14 book for a period of five years from the time of its
11 15 filing in the county auditor's office.

11 16 Beginning with valuations for January 1, ~~1977~~ 2006,
11 17 and each succeeding year, for each parcel of
11 18 agricultural property and for each structure entered
11 19 in the assessment book, the assessor shall list the
11 20 classification of the property.

11 21 Sec. 9. Section 441.35, subsection 1, Code 2003,
11 22 is amended by striking the subsection.

11 23 Sec. 10. Section 441.35, unnumbered paragraph 2,
11 24 Code 2003, is amended by striking the unnumbered
11 25 paragraph.

11 26 Sec. 11. Section 441.36, Code 2003, is amended to
11 27 read as follows:

11 28 441.36 CHANGE OF ASSESSMENT == NOTICE.

11 29 All changes in assessments authorized by the board
11 30 of review, and reasons therefor, shall be entered in
11 31 the minute book kept by ~~said the~~ board and on the
11 32 assessment roll. ~~Said~~ The minute book shall be filed
11 33 with the assessor after the adjournment of the board
11 34 of review and shall at all times be open to public
11 35 inspection. In case the value of any specific
11 36 property or structure or the entire assessment of any
11 37 person, partnership, or association is increased, or
11 38 new property or a new structure is added by the board,
11 39 the clerk shall give immediate notice thereof by mail
11 40 to each at the post-office address shown on the
11 41 assessment rolls, and at the conclusion of the action
11 42 of the board therein the clerk shall post an
11 43 alphabetical list of those whose assessments are thus
11 44 raised and added, in a conspicuous place in the office
11 45 or place of meeting of the board, and enter upon the
11 46 records a statement that such posting has been made,
11 47 which entry shall be conclusive evidence of the giving
11 48 of the notice required. The board shall hold an
11 49 adjourned meeting, with at least five days intervening
11 50 after the posting of ~~said the~~ notices, before final
12 1 action with reference to the raising of assessments or
12 2 the adding of property or structures to the rolls is
12 3 taken, and the posted notices shall state the time and
12 4 place of holding such adjourned meeting, which time
12 5 and place shall also be stated in the proceedings of
12 6 the board.

12 7 Sec. 12. Section 441.37, subsection 1, paragraphs

12 8 a and b, Code 2003, are amended to read as follows:

12 9 a. That ~~said the~~ assessment is not equitable as
12 10 compared with assessments of other like property or
12 11 structures in the taxing district. When this ground
12 12 is relied upon as the basis of a protest the legal
12 13 description and assessments of a representative number
12 14 of comparable ~~properties structures~~, as described by
12 15 the aggrieved taxpayer shall be listed on the protest,
12 16 otherwise ~~said the~~ protest shall not be considered on
12 17 this ground.

12 18 b. That the property or structure is assessed for
12 19 more than the value authorized by law, stating the
12 20 specific amount which the protesting party believes
12 21 the property or structure to be overassessed, and the
12 22 amount which the party considers to be its actual
12 23 value and the amount the party considers a fair
12 24 assessment.

12 25 Sec. 13. Section 441.39, Code 2003, is amended to
12 26 read as follows:

12 27 441.39 TRIAL ON APPEAL.

12 28 The court shall hear the appeal in equity and
12 29 determine anew all questions arising before the board
12 30 which relate to the liability of the property or
12 31 structure to assessment or the amount thereof. The
12 32 court shall consider all of the evidence and there
12 33 shall be no presumption as to the correctness of the
12 34 ~~valuation of~~ assessment appealed from. Its decision
12 35 shall be certified by the clerk of the court to the
12 36 county auditor, and the assessor, who shall correct
12 37 the assessment books accordingly.

12 38 Sec. 14. Section 441.42, Code 2003, is amended to
12 39 read as follows:

12 40 441.42 APPEAL ON BEHALF OF PUBLIC.

12 41 Any officer of a county, city, township, drainage
12 42 district, levee district, or school district
12 43 interested or a taxpayer thereof may in like manner
12 44 make complaint before ~~said the~~ board of review in
12 45 respect to the assessment of any property or structure
12 46 in the township, drainage district, levee district or
12 47 city and an appeal from the action of the board of
12 48 review in fixing the amount of assessment on any
12 49 property or structure concerning which such complaint
12 50 is made, may be taken by any of such aforementioned
13 1 officers.

13 2 Such appeal is in addition to the appeal allowed to
13 3 the person whose property or structure is assessed and
13 4 shall be taken in the name of the county, city,
13 5 township, drainage district, levee district, or school
13 6 district interested, and tried in the same manner,
13 7 except that the notice of appeal shall also be served
13 8 upon the owner of the property or structure concerning
13 9 which the complaint is made and affected thereby or
13 10 person required to return said property or structure
13 11 for assessment.

13 12 Sec. 15. Section 441.43, Code 2003, is amended to
13 13 read as follows:

13 14 441.43 POWER OF COURT.

13 15 Upon trial of any appeal from the action of the
13 16 board of review fixing the amount of assessment upon
13 17 any property or structure concerning which complaint
13 18 is made, the court may increase, decrease, or affirm
13 19 the amount of the assessment appealed from.

13 20 Sec. 16. Section 441.45, subsections 1 and 2, Code
13 21 2003, are amended to read as follows:

13 22 1. The number of acres of land and the aggregate
13 23 taxable values of the agricultural land, ~~exclusive of~~
13 24 ~~city lots~~, returned by the assessors, as corrected by
13 25 the board of review.

13 26 2. The aggregate values of structures and the
13 27 taxable square footage values of ~~real estate~~
13 28 structures by class in each township and city in the
13 29 county and the aggregate value of agricultural land in
13 30 each township and city in the county, returned as
13 31 corrected by the board of review.

13 32 Sec. 17. Section 441.47, Code 2003, is amended by
13 33 adding the following new unnumbered paragraph:

13 34 NEW UNNUMBERED PARAGRAPH. For the assessment year
13 35 beginning January 1, 2007, and for all subsequent
13 36 assessment years, only property classified as
13 37 agricultural property and property assessed pursuant
13 38 to section 441.21, subsection 2, paragraph "b",

13 39 subparagraph (1), and subsection 3, paragraph "b",
13 40 subparagraph (1), shall be subject to equalization by
13 41 the director of revenue and finance under this section
13 42 and sections 441.48 and 441.49.

13 43 Sec. 18. NEW SECTION. 441.47A EQUALIZATION OF
13 44 INFLATION FACTORS.

13 45 The director of revenue and finance on or about
13 46 August 15, 2007, and every two years thereafter, shall
13 47 order the equalization of the assessed value per
13 48 square foot resulting from the application of the
13 49 cumulative inflation factor in the several assessing
13 50 jurisdictions in each case as may be necessary to
14 1 bring such values as fixed by the assessor in cases of
14 2 purchases of property and newly constructed property
14 3 to the values determined for the assessment year
14 4 beginning January 1, 2005. In equalizing the effects
14 5 of the application of the cumulative inflation factor,
14 6 the department shall make use of reports issued by
14 7 Iowa state university of science and technology which
14 8 reports shall more precisely indicate, on a county-by-
14 9 county basis, annual and cumulative inflation factors
14 10 for each county. If the cumulative inflation factor
14 11 for an assessing jurisdiction as reported by Iowa
14 12 state university of science and technology is five
14 13 percent above or below the cumulative inflation factor
14 14 as defined in section 441.21, subsection 7, the
14 15 director shall notify the assessor by mail of the
14 16 equalization of the effects of the cumulative
14 17 inflation factor for the assessing jurisdiction. The
14 18 assessor shall recompute the assessments made pursuant
14 19 to section 441.21, subsection 2, paragraph "b",
14 20 subparagraph (1), subsection 3, paragraph "b",
14 21 subparagraph (1), and subsection 4, paragraph "b",
14 22 subparagraph (1), by applying the equalized inflation
14 23 factor. The assessor shall send notice of the
14 24 equalized assessments to all affected property owners.

14 25 Sec. 19. Section 441.50, Code 2003, is amended to
14 26 read as follows:

14 27 441.50 APPRAISERS EMPLOYED.

14 28 The conference board shall have power to employ
14 29 appraisers or other technical or expert help to assist
14 30 in the ~~valuation~~ assessment of property as provided in
14 31 section 441.21, the cost thereof to be paid in the
14 32 same manner as other expenses of the assessor's
14 33 office. The conference board may certify for levy
14 34 annually an amount not to exceed forty and one-half
14 35 cents per thousand dollars of assessed value of
14 36 taxable property for the purpose of establishing a
14 37 special appraiser's fund, to be used only for such
14 38 purposes. From time to time the conference board may
14 39 direct the transfer of any unexpended balance in the
14 40 special appraiser's fund to the assessment expense
14 41 fund.

14 42 Sec. 20. Section 443.1, Code 2003, is amended to
14 43 read as follows:

14 44 443.1 CONSOLIDATED TAX.

14 45 All square footage taxes which are uniform
14 46 throughout any township or school district shall be
14 47 formed into a single tax and entered upon the tax list
14 48 in a single column, to be known as a consolidated tax,
14 49 and each receipt shall show the percentage levied for
14 50 each separate fund. The land tax shall be separately
15 1 stated and each receipt shall show the percentage
15 2 levied for each separate fund.

15 3 Sec. 21. Section 443.2, Code 2003, is amended to
15 4 read as follows:

15 5 443.2 TAX LIST.

15 6 Before the first day of July in each year, the
15 7 county auditor shall transcribe the assessments of the
15 8 townships and cities into a book or record, to be
15 9 known as the tax list, properly ruled and headed, with
15 10 separate columns, in which shall be entered the names
15 11 of the taxpayers, descriptions of lands, number of
15 12 acres and value, numbers of city lots, their size in
15 13 acres, and value, and each description of the square
15 14 footage tax and the land tax, with a column for polls
15 15 and one for payments, and shall complete it by
15 16 entering the amount due on each installment,
15 17 separately, and carrying out the total of both
15 18 installments. The total of all columns of each page
15 19 of each book or other record shall balance with the

15 20 tax totals. After computing the amount of land tax
15 21 and square footage tax due and payable on each
15 22 property, the county auditor shall round the total
15 23 amount of ~~tax taxes~~ due and payable on the property to
15 24 the nearest even whole dollar.
15 25 The county auditor shall list the aggregate actual
15 26 value and the aggregate taxable value of all taxable
15 27 property within the county and each political
15 28 subdivision including property subject to the
15 29 statewide property tax imposed under section 437A.18
15 30 on the tax list in order that the actual value of the
15 31 taxable property within the county or a political
15 32 subdivision may be ascertained and shown by the tax
15 33 list for the purpose of computing the debt-incurring
15 34 capacity of the county or political subdivision. As
15 35 used in this section, "actual value" is the value
15 36 determined under section 441.21, subsections 1 to 3,
15 37 Code 2005, prior to the reduction to a percentage of
15 38 actual value as otherwise provided in section 441.21,
15 39 Code 2005. "Actual value" of property subject to
15 40 statewide property tax is the assessed value under
15 41 section 437A.18.
15 42 Sec. 22. Section 443.3, Code 2003, is amended to
15 43 read as follows:
15 44 443.3 CORRECTION == TAX APPORTIONED.
15 45 At the time of transcribing ~~said the~~ assessments
15 46 into the tax list, the county auditor shall correct
15 47 all transfers up to date and place the legal
15 48 descriptions of all real estate in the name of the
15 49 owner at ~~said that~~ date as shown by the transfer book
15 50 in the auditor's office. At the end of the list for
16 1 each township or city the auditor shall make an
16 2 abstract thereof, and apportion the consolidated tax
16 3 among the respective funds to which it belongs,
16 4 according to the amounts levied for each. The auditor
16 5 shall apportion the land tax as prescribed in section
16 6 443A.2.
16 7 Sec. 23. Section 443.6, Code 2003, is amended to
16 8 read as follows:
16 9 443.6 CORRECTIONS BY AUDITOR.
16 10 The auditor may correct any error in the assessment
16 11 or tax list, and the assessor or auditor may list for
16 12 taxation any omitted land and may assess and list for
16 13 taxation any omitted property structure.
16 14 Sec. 24. Section 443.7, Code 2003, is amended to
16 15 read as follows:
16 16 443.7 NOTICE.
16 17 Before listing for taxation any omitted land and
16 18 before assessing and listing for taxation any omitted
16 19 property structure, the assessor or auditor shall
16 20 notify by mail the person in whose name the property
16 21 land or structure is taxed, to appear before the
16 22 assessor or auditor at the assessor's or auditor's
16 23 office within ten days from the date of the notice and
16 24 show cause, if any, why the correction or assessment
16 25 should not be made.
16 26 Sec. 25. Section 443.9, Code 2003, is amended to
16 27 read as follows:
16 28 443.9 ADJUSTMENT OF ACCOUNTS.
16 29 If such correction or assessment is made after the
16 30 books or other records approved by the ~~state~~ auditor
16 31 of state have passed into the hands of the treasurer,
16 32 the treasurer shall be charged or credited therefor as
16 33 the case may be. In the event such listing of omitted
16 34 land or listing and assessment of omitted property
16 35 structure is made by the assessor after the tax
16 36 records have passed into the hands of the auditor or
16 37 treasurer, such correction or assessment shall be
16 38 entered on the records by the auditor or treasurer.
16 39 Sec. 26. Section 443.12, Code 2003, is amended to
16 40 read as follows:
16 41 443.12 CORRECTIONS BY TREASURER.
16 42 When property land or a structure subject to
16 43 taxation is withheld, overlooked, or from any other
16 44 cause is not listed, or is not listed and assessed,
16 45 the county treasurer shall, when apprised thereof, at
16 46 any time within two years from the date at which such
16 47 listing and assessment should have been made, demand
16 48 of the person, firm, corporation, or other party by
16 49 whom the same should have been listed, or to whom it
16 50 should have been listed and assessed, or of the

17 1 administrator thereof, the amount the ~~property land or~~
17 2 ~~structure~~ should have been taxed in each year the same
17 3 was so withheld or overlooked and not listed ~~or not~~
17 4 ~~listed~~ and assessed, together with six percent
17 5 interest thereon from the time the taxes would have
17 6 become due and payable had such ~~property land~~ been
17 7 listed ~~or such structure been listed~~ and assessed.
17 8 Sec. 27. Section 443.13, Code 2003, is amended to
17 9 read as follows:
17 10 443.13 ACTION BY TREASURER == APPORTIONMENT.
17 11 Upon failure to pay such sum within thirty days,
17 12 with all accrued interest, the treasurer shall cause
17 13 an action to be brought in the name of the treasurer
17 14 for the use of the proper county, to be prosecuted by
17 15 the county attorney, or such other person as the board
17 16 of supervisors may appoint, and when such ~~property~~
17 17 ~~land~~ has been fraudulently withheld from ~~listing or~~
17 18 ~~such structure fraudulently withheld from listing and~~
17 19 assessment, there shall be added to the sum found to
17 20 be due a penalty of fifty percent upon the amount,
17 21 which shall be included in the judgment. The amount
17 22 thus recovered shall be by the treasurer apportioned
17 23 ratably as the taxes would have been if they had been
17 24 paid according to law.
17 25 Sec. 28. Section 443.14, Code 2003, is amended to
17 26 read as follows:
17 27 443.14 DUTY OF TREASURER.
17 28 The treasurer shall assess any ~~real property~~
17 29 ~~structure and shall list the acreage of any land~~
17 30 subject to taxation which may have been omitted by the
17 31 assessor, board of review, or county auditor, and
17 32 collect taxes thereon, and in such cases shall note,
17 33 opposite the tract or lot assessed, the words "by
17 34 treasurer".
17 35 Sec. 29. Section 443.15, Code 2003, is amended to
17 36 read as follows:
17 37 443.15 TIME LIMIT.
17 38 The assessment shall be made within two years after
17 39 the tax list shall have been delivered to the
17 40 treasurer for collection, and not afterwards, if the
17 41 ~~property land or structure~~ is then owned by the person
17 42 who should have paid the tax.
17 43 Sec. 30. Section 443.17, Code 2003, is amended to
17 44 read as follows:
17 45 443.17 PRESUMPTION OF TWO-YEAR OWNERSHIP.
17 46 In any action or proceeding, now pending or
17 47 hereafter brought, to recover taxes upon ~~property land~~
17 48 not listed or ~~agricultural land or a structure not~~
17 49 ~~listed and~~ assessed for taxation during the lifetime
17 50 of any decedent, it shall be presumed that any
18 1 property, any evidence of ownership of property, and
18 2 any evidence of a promise to pay, owned by a decedent
18 3 at the date of the decedent's death, had been acquired
18 4 and owned by such decedent more than two years before
18 5 the date of the decedent's death; and the burden of
18 6 proving that any such property had been acquired by
18 7 such decedent less than two years before the date of
18 8 the decedent's death shall be upon the heirs,
18 9 legatees, and legal representatives of any such
18 10 decedent.
18 11 Sec. 31. Section 443.18, Code 2003, is amended to
18 12 read as follows:
18 13 443.18 REAL ESTATE == DUTY OF OWNER.
18 14 In all cases where ~~real estate land~~ subject to
18 15 taxation has not been ~~listed or agricultural land or a~~
18 16 ~~structure subject to taxation has not been listed and~~
18 17 assessed, the owner, or an agent of the owner, shall
18 18 have the same done by the treasurer, and pay the taxes
18 19 thereon; and if the owner fails to do so the treasurer
18 20 shall ~~list or list and~~ assess the same and collect the
18 21 tax assessed as the treasurer does other taxes.
18 22 Sec. 32. Section 443.19, Code 2003, is amended to
18 23 read as follows:
18 24 443.19 IRREGULARITIES, ERRORS AND OMISSIONS ==
18 25 EFFECT.
18 26 ~~No~~ A failure of the owner to have such ~~property~~
18 27 ~~land listed or agricultural land or structure listed~~
18 28 ~~and~~ assessed or to have the errors in the ~~listing or~~
18 29 assessment corrected, and ~~no~~ ~~an~~ irregularity, error or
18 30 omission in the ~~listing of such land or listing and~~
18 31 assessment of such ~~property agricultural land or~~

18 32 structure, shall not affect in any manner the legality
18 33 of the taxes levied thereon, or affect any right or
18 34 title to such ~~real estate property~~ which would have
18 35 accrued to any party claiming or holding under and by
18 36 virtue of a deed executed by the treasurer as provided
18 37 by this title, had the listing and assessment of such
18 38 property been in all respects regular and valid.

18 39 Sec. 33. Section 443.21, Code 2003, is amended to
18 40 read as follows:

18 41 443.21 ASSESSMENTS CERTIFIED TO COUNTY AUDITOR.

18 42 All assessors and assessing bodies, including the
18 43 department of revenue and finance having authority
18 44 over the listing of land or listing and assessment of
18 45 ~~property agricultural land and structures~~ for tax
18 46 purposes shall certify to the county auditor of each
18 47 county the number of acres of land and the assessed
18 48 values of agricultural land and structures for all the
18 49 taxable property in such county as finally ~~equalized~~
18 50 ~~and~~ determined, and the same shall be transcribed onto

19 1 the tax lists as required by section 443.2.

19 2 Sec. 34. Section 443.22, Code 2003, is amended to
19 3 read as follows:

19 4 443.22 UNIFORM ASSESSMENTS MANDATORY.

19 5 All assessors and assessing bodies, including the
19 6 department of revenue and finance having authority
19 7 over the listing of land and listing and assessment of
19 8 ~~property agricultural land and structures~~ for tax
19 9 purposes, shall comply with sections 428.4, 428.29,
19 10 434.15, 438.13, 441.21, and 441.45. The department of
19 11 revenue and finance, having authority over the listing
19 12 and assessments, shall exercise its powers and perform
19 13 its duties under section 421.17 and other applicable
19 14 laws so as to require the uniform and consistent
19 15 application of ~~said that~~ section.

19 16 Sec. 35. NEW SECTION. 443A.1 LAND TAX.

19 17 Effective for the fiscal year beginning July 1,
19 18 2007, and all subsequent fiscal years, a land tax
19 19 shall be imposed against each acre or portion of an
19 20 acre of land in a county.

19 21 Sec. 36. NEW SECTION. 443A.2 APPORTIONMENT OF
19 22 LAND TAX.

19 23 1. The land tax for each county shall be
19 24 apportioned as follows:

19 25 In the unincorporated area of the county, the land
19 26 tax shall be distributed to the county, the school
19 27 district located in the unincorporated area of the
19 28 county, and other taxing entities located in the
19 29 unincorporated area of the county in the same
19 30 proportion that property taxes levied in the
19 31 unincorporated area of the county for the fiscal year
19 32 beginning July 1, 2006, were allocated to those
19 33 entities.

19 34 In the incorporated areas of the county, the land
19 35 tax shall be distributed to the city, the county, each
19 36 school district located within the city, and other
19 37 taxing entities located within the city in the same
19 38 proportion that property taxes levied in the city for
19 39 the fiscal year beginning July 1, 2006, were allocated
19 40 to those entities.

19 41 2. The city finance committee and the county
19 42 finance committee shall jointly determine the
19 43 adjustments to be made to the allocation of the land
19 44 tax in the case of boundary adjustments made to a
19 45 taxing district on or after January 1, 2006.

19 46 3. After the auditor has computed the amount of
19 47 land tax to be distributed to each taxing district,
19 48 the auditor shall compute the rate of tax to be levied
19 49 upon the square footage valuation of structures
19 50 pursuant to chapter 444.

20 1 Sec. 37. Section 444.1, Code 2003, is amended to
20 2 read as follows:

20 3 444.1 BASIS FOR AMOUNT OF TAX.

20 4 In all taxing districts in the state, including
20 5 townships, school districts, cities and counties, when
20 6 by law then existing the people are authorized to
20 7 determine by vote, or officers are authorized to
20 8 estimate or determine, a rate of taxation required for
20 9 any public purpose, such rate shall in all cases be
20 10 estimated and based upon the amount of land tax
20 11 available to the district and the adjusted taxable
20 12 square footage valuation of such taxing district for

20 13 the preceding calendar year.
20 14 Sec. 38. Section 444.2, Code 2003, is amended to
20 15 read as follows:
20 16 444.2 AMOUNTS CERTIFIED IN DOLLARS.
20 17 When an authorized square footage tax rate within a
20 18 taxing district, including townships, school
20 19 districts, cities and counties, has been thus
20 20 determined as provided by law, the officer or officers
20 21 charged with the duty of certifying the authorized
20 22 rate to the county auditor or board of supervisors
20 23 shall, before certifying the rate, compute upon the
20 24 adjusted taxable square footage valuation of the
20 25 taxing district for the preceding fiscal year, the
20 26 amount of tax the rate will raise, stated in dollars,
20 27 and shall certify the computed amount in dollars and
20 28 not by rate, to the county auditor and board of
20 29 supervisors and shall further certify the percentage
20 30 of such amount to be levied against each class of

20 31 property.
20 32 Sec. 39. Section 444.3, Code 2003, is amended to
20 33 read as follows:
20 34 444.3 COMPUTATION OF SQUARE FOOTAGE RATE.
20 35 When the square footage valuations for the several
20 36 taxing districts shall have been adjusted by the
20 37 several boards for the current year, and the amount of
20 38 land tax to be distributed to each taxing district has
20 39 been deducted from the dollar amounts certified in
20 40 section 444.2 for each taxing district, the county
20 41 auditor shall thereupon apply such a rate, not
20 42 exceeding the rate authorized by law, or rates as will
20 43 raise the amount required for such taxing district,
20 44 and when combined with the land tax amount will raise
20 45 an amount not exceeding the dollar amount authorized
20 46 by law for the taxing district, and no will not raise
20 47 a larger amount. For purposes of computing the square
20 48 footage rate under this section, the adjusted taxable
20 49 square footage valuation of the property of a taxing
20 50 district does not include the valuation of property of
21 1 a railway corporation or its trustee which corporation
21 2 has been declared bankrupt or is in bankruptcy
21 3 proceedings. Nothing in the preceding sentence
21 4 exempts the property of such railway corporation or
21 5 its trustee from taxation and the rate computed under
21 6 this section shall be levied on the taxable property
21 7 of such railway corporation or its trustee.
21 8 The square footage tax rate shall be expressed in
21 9 dollars and cents per one hundred dollars of valuation
21 10 per square foot.

21 11 Sec. 40. NEW SECTION. 444.9 COMPUTATION OF TAX.
21 12 The amount of tax imposed on any taxable property
21 13 is the sum of the amounts computed in subsections 1
21 14 and 2.

21 15 1. LAND TAX. The product of the land tax rate
21 16 times the number of acres or portion of an acre of the
21 17 taxable property.

21 18 2. SQUARE FOOTAGE TAX. The product of the square
21 19 footage tax rate times the valuation per square foot
21 20 of the taxable structure times the number of square
21 21 feet of the taxable structure. The square footage tax
21 22 shall be computed separately for each structure
21 23 located on the land.

21 24 Sec. 41. PROPERTY TAX IMPLEMENTATION COMMITTEE.
21 25 1. On or before July 1, 2003, the department of
21 26 revenue and finance, in consultation with the
21 27 department of management, shall initiate and
21 28 coordinate the establishment of a property tax
21 29 implementation committee and provide staffing
21 30 assistance to the committee. The property tax
21 31 implementation committee shall include four members of
21 32 the general assembly, one each appointed by the
21 33 majority leader of the senate, the speaker of the
21 34 house of representatives, the minority leader of the
21 35 senate, and the minority leader of the house of
21 36 representatives. The committee shall also include
21 37 members appointed by the department of revenue and
21 38 finance representing the department of revenue and
21 39 finance, the department of management, counties,
21 40 cities, school districts, local assessors, commercial
21 41 property taxpayers, industrial property taxpayers,
21 42 residential property taxpayers, and agricultural
21 43 property taxpayers, and other appropriate

21 44 stakeholders. The department may consider
21 45 participation on the committee of former state
21 46 officials with expertise in budget and tax policy.
21 47 The chairpersons of the committee shall be those
21 48 members of the general assembly appointed by the
21 49 majority leader of the senate and the speaker of the
21 50 house of representatives.

22 1 2. The committee shall study and make
22 2 recommendations relating to the land tax, square
22 3 footage tax, the baseline assessment for the square
22 4 footage tax, and other related provisions. The
22 5 committee shall also study and make recommendations on
22 6 issues relating to implementation of a land tax and
22 7 square footage tax, including, but not limited to,
22 8 whether or not maximum square footage rates and land
22 9 tax rates should be imposed and, if such rates are
22 10 recommended, the imposition of rates that have a
22 11 revenue neutral impact on classes of property, the
22 12 property tax financing portion of the school funding
22 13 formula, treatment of current property tax credits and
22 14 exemptions under a land tax and square footage tax and
22 15 continued state reimbursement of any credits or
22 16 exemptions, implementation of urban revitalization and
22 17 urban renewal programs under the land tax and square
22 18 footage tax, implementation of a payment in lieu of
22 19 taxes program for local government services, and
22 20 maintenance of equity among classes of taxpayers and
22 21 among taxpayers within the same class. The property
22 22 tax implementation committee shall also study the role
22 23 of property taxes in funding local government services
22 24 and the types of services currently funded by property
22 25 taxes.

22 26 3. The property tax implementation committee shall
22 27 direct three counties and cities within those counties
22 28 to submit data as prescribed by the committee. The
22 29 department of revenue and finance, in consultation
22 30 with the department of management, shall select the
22 31 three counties and the cities within those counties
22 32 that will be required to provide data to the
22 33 committee. The committee shall devise a system for
22 34 testing the data, including the necessary computer
22 35 hardware and software to allow the selected counties
22 36 and cities to prepare projected budgets, to determine
22 37 the rates for the land tax and the square footage tax
22 38 for those projected budgets, and to provide a sampling
22 39 of the effect on the various classes of property in
22 40 those jurisdictions. The committee shall use the data
22 41 and the results of the projections to resolve, and
22 42 make recommendations relating to, the issues described
22 43 in subsection 2, and related issues, in a revenue
22 44 neutral manner that will not result in a shift of
22 45 property tax burden between classes of property. The
22 46 committee shall submit to the general assembly by
22 47 October 31, 2003, October 31, 2004, and October 31,
22 48 2005, a report for each of those years resolving the
22 49 issues in subsection 2 and other related issues for
22 50 implementation of this Act. The reports shall include
23 1 detailed estimates of the cost to the counties and
23 2 cities of providing the data and an estimate of the
23 3 cost of statewide implementation of this Act.

23 4 Sec. 42. EFFECTIVE AND APPLICABILITY DATES.

23 5 1. The section of this division of this Act
23 6 establishing the property tax implementation
23 7 committee, being deemed of immediate importance, takes
23 8 effect upon enactment.

23 9 2. The remainder of this division of this Act
23 10 takes effect July 1, 2005, and applies to assessment
23 11 years beginning on or after January 1, 2006, and
23 12 applies to tax collections for fiscal years beginning
23 13 on or after July 1, 2007.

23 14 Sec. 43. FUTURE REPEAL. This division of this Act
23 15 is repealed effective June 30, 2005.

23 16 DIVISION II
23 17 INDIVIDUAL INCOME TAX
23 18 2004=2006 TAX YEARS

23 19 Sec. 44. Section 422.5, subsection 1, paragraphs a
23 20 through i, Code 2003, are amended to read as follows:

23 21 For tax years beginning
23 22 in the calendar year:
23 23 2004 2005 2006

23 24 a. On all taxable income from

23	25	zero through one thousand dollars,			
23	26	thirty-six hundredths of one			
23	27	percent.:35%	.34% .33%
23	28	b. On all taxable income exceeding			
23	29	one thousand dollars but not			
23	30	exceeding two thousand dollars,			
23	31	seventy-two hundredths of one			
23	32	percent.:71%	.68% .65%
23	33	c. On all taxable income exceeding			
23	34	two thousand dollars but not			
23	35	exceeding four thousand dollars,			
23	36	two and forty-three hundredths			
23	37	percent.:	2.39%	2.30% 2.21%
23	38	d. On all taxable income exceeding			
23	39	four thousand dollars but not			
23	40	exceeding nine thousand dollars,			
23	41	four and one-half percent.:	4.42%	4.25% 4.09%
23	42	e. On all taxable income exceeding			
23	43	nine thousand dollars but not			
23	44	exceeding fifteen thousand			
23	45	dollars, six and twelve hundredths			
23	46	percent.:	6.01%	5.78% 5.56%
23	47	f. On all taxable income exceeding			
23	48	fifteen thousand dollars but not			
23	49	exceeding twenty thousand			
23	50	dollars, six and forty-eight hundredths			
24	1	percent.:	6.36%	6.12% 5.88%
24	2	g. On all taxable income exceeding			
24	3	twenty thousand dollars but not			
24	4	exceeding thirty thousand			
24	5	dollars, six and eight-tenths			
24	6	percent.:	6.68%	6.42% 6.17%
24	7	h. On all taxable income exceeding			
24	8	thirty thousand dollars but not			
24	9	exceeding forty-five thousand			
24	10	dollars, seven and ninety-two hundredths			
24	11	percent.:	7.78%	7.48% 7.19%
24	12	i. On all taxable income exceeding			
24	13	forty-five thousand dollars, eight			
24	14	and ninety-eight hundredths			
24	15	percent.:	8.82%	8.48% 8.15%
24	16	Sec. 45. EFFECTIVE AND APPLICABILITY DATE			
24	17	PROVISIONS. This division of this Act takes effect			
24	18	January 1, 2004, for tax years beginning on or after			
24	19	January 1, 2004, but before January 1, 2007.			
24	20	DIVISION III			
24	21	INDIVIDUAL INCOME TAX			
24	22	2007 AND SUBSEQUENT TAX YEARS			
24	23	Sec. 46. Section 422.5, subsection 1, paragraphs a			
24	24	through i, Code 2003, are amended to read as follows:			
24	25				<u>For tax years beginning</u>
24	26				<u>in the calendar year:</u>
24	27				<u>2007 and subsequent</u>
24	28				<u>calendar years</u>
24	29	a. On all taxable income from			
24	30	zero through one thousand dollars,			
24	31	thirty-six hundredths of one			
24	32	percent.:31%	
24	33	b. On all taxable income exceeding			
24	34	one thousand dollars but not			
24	35	exceeding two thousand dollars,			
24	36	seventy-two hundredths of one			
24	37	percent.:61%	
24	38	c. On all taxable income exceeding			
24	39	two thousand dollars but not			
24	40	exceeding four thousand dollars,			
24	41	two and forty-three hundredths			
24	42	percent.:	2.06%	
24	43	d. On all taxable income exceeding			
24	44	four thousand dollars but not			
24	45	exceeding nine thousand dollars,			
24	46	four and one-half percent.:	3.81%	
24	47	e. On all taxable income exceeding			
24	48	nine thousand dollars but not			
24	49	exceeding fifteen thousand			
24	50	dollars, six and twelve hundredths			
25	1	percent.:	5.19%	
25	2	f. On all taxable income exceeding			
25	3	fifteen thousand dollars but not			
25	4	exceeding twenty thousand			
25	5	dollars, six and forty-eight hundredths			

25 6 percent.: 5.49%
25 7 g. On all taxable income exceeding
25 8 twenty thousand dollars but not
25 9 exceeding thirty thousand
25 10 dollars, ~~six and eight-tenths~~
25 11 percent.: 5.76%
25 12 h. On all taxable income exceeding
25 13 thirty thousand dollars but not
25 14 exceeding forty-five thousand
25 15 dollars, ~~seven and ninety-two hundredths~~
25 16 percent.: 6.71%
25 17 i. On all taxable income exceeding
25 18 forty-five thousand dollars, ~~eight~~
25 19 ~~and ninety-eight hundredths~~
25 20 percent.: 7.61%

25 21 Sec. 47. EFFECTIVE AND APPLICABILITY DATE
25 22 PROVISIONS. This division of this Act takes effect
25 23 January 1, 2007, for tax years beginning on or after
25 24 January 1, 2007.

25 25 DIVISION IV
25 26 INDIVIDUAL INCOME TAX
25 27 2007 AND SUBSEQUENT TAX YEARS

25 28 Sec. 48. Section 422.4, subsection 1, paragraphs b
25 29 and c, Code 2003, are amended to read as follows:

25 30 b. "Cumulative inflation factor" means the product
25 31 of the annual inflation factor for the ~~1988~~ 2007
25 32 calendar year and all annual inflation factors for
25 33 subsequent calendar years as determined pursuant to
25 34 this subsection. The cumulative inflation factor
25 35 applies to all tax years beginning on or after January
25 36 1 of the calendar year for which the latest annual
25 37 inflation factor has been determined.

25 38 c. The annual inflation factor for the ~~1988~~ 2007
25 39 calendar year is one hundred percent.

25 40 Sec. 49. Section 422.4, subsection 16, Code 2003,
25 41 is amended to read as follows:

25 42 16. ~~The words "taxable~~ "Taxable income" mean means
25 43 the net income as defined in section 422.7 minus the
25 44 deductions allowed by section 422.9, in the case of
25 45 individuals, in. In the case of estates or trusts,
25 46 ~~the words "taxable income" mean means~~ the taxable
25 47 income, (without a deduction for personal exemption),
25 48 as computed for federal income tax purposes under the
25 49 Internal Revenue Code, but with the adjustments
25 50 specified in section 422.7 plus the Iowa income tax
26 1 ~~deducted in computing the federal taxable income and~~
26 2 ~~minus federal income taxes as provided in section~~
26 3 ~~422.9.~~

26 4 Sec. 50. Section 422.5, subsection 1, Code 2003,
26 5 as amended by 2003 Iowa Acts, Senate File 442, section
26 6 4, is amended by striking the subsection and inserting
26 7 in lieu thereof the following:

26 8 1. a. A tax is imposed upon every resident and
26 9 nonresident of the state which tax shall be levied,
26 10 collected, and paid annually upon and with respect to
26 11 the entire taxable income at rates as follows:

- 26 12 (1) On all taxable income from zero through eight
26 13 thousand dollars, two and five hundredths percent.
- 26 14 (2) On all taxable income exceeding eight thousand
26 15 dollars but not exceeding one hundred thousand
26 16 dollars, four and sixty-five hundredths percent.
- 26 17 (3) On all taxable income exceeding one hundred
26 18 thousand dollars, four and nine-tenths percent.

26 19 b. (1) The tax imposed upon the taxable income of
26 20 a nonresident shall be computed by reducing the amount
26 21 determined pursuant to paragraph "a" by the amounts of
26 22 nonrefundable credits under this division and by
26 23 multiplying this resulting amount by a fraction of
26 24 which the nonresident's net income allocated to Iowa,
26 25 as determined in section 422.8, subsection 2,
26 26 paragraph "a", is the numerator and the nonresident's
26 27 total net income computed under section 422.7 is the
26 28 denominator. This provision also applies to
26 29 individuals who are residents of Iowa for less than
26 30 the entire tax year.

26 31 (2) The tax imposed upon the taxable income of a
26 32 resident shareholder in an S corporation which has in
26 33 effect for the tax year an election under subchapter S
26 34 of the Internal Revenue Code and carries on business
26 35 within and without the state may be computed by
26 36 reducing the amount determined pursuant to paragraph

26 37 "a" by the amounts of nonrefundable credits under this
26 38 division and by multiplying this resulting amount by a
26 39 fraction of which the resident's net income allocated
26 40 to Iowa, as determined in section 422.8, subsection 2,
26 41 paragraph "b", is the numerator and the resident's
26 42 total net income computed under section 422.7 is the
26 43 denominator. If a resident shareholder has elected to
26 44 take advantage of this subparagraph, and for the next
26 45 tax year elects not to take advantage of this
26 46 subparagraph, the resident shareholder shall not
26 47 reelect to take advantage of this subparagraph for the
26 48 three tax years immediately following the first tax
26 49 year for which the shareholder elected not to take
26 50 advantage of this subparagraph, unless the director
27 1 consents to the reelection. This subparagraph also
27 2 applies to individuals who are residents of Iowa for
27 3 less than the entire tax year.

27 4 Sec. 51. Section 422.5, subsection 2, Code 2003,
27 5 is amended by striking the subsection and inserting in
27 6 lieu thereof the following:

27 7 2. a. However, if the married persons' filing
27 8 jointly or separately on a combined return, unmarried
27 9 head of household's, or surviving spouse's net income
27 10 exceeds thirteen thousand five hundred dollars or nine
27 11 thousand dollars in the case of all other persons, the
27 12 regular tax imposed under this division shall be the
27 13 lesser of the product of eight percent times the
27 14 portion of the net income in excess of thirteen
27 15 thousand five hundred dollars or nine thousand
27 16 dollars, as applicable, or the regular tax liability
27 17 computed without regard to this paragraph.

27 18 b. Paragraph "a" does not apply to estates and
27 19 trusts. Married taxpayers electing to file separately
27 20 shall compute the alternate tax described in paragraph
27 21 "a" using the total net income of the husband and
27 22 wife. The alternate tax described in paragraph "a"
27 23 does not apply if one spouse elects to carry back or
27 24 carry forward the loss as provided in section 422.9,
27 25 subsection 3. A person who is claimed as a dependent
27 26 by another person as defined in section 422.12 shall
27 27 not receive the benefit of paragraph "a" if the person
27 28 claiming the dependent has net income exceeding
27 29 thirteen thousand five hundred dollars or nine
27 30 thousand dollars as applicable or the person claiming
27 31 the dependent and the person's spouse have combined
27 32 net income exceeding thirteen thousand five hundred
27 33 dollars or nine thousand dollars as applicable.

27 34 Sec. 52. Section 422.5, subsection 5, Code 2003,
27 35 is amended to read as follows:

27 36 5. Upon determination of the latest cumulative
27 37 inflation factor, the director shall multiply each
27 38 dollar amount set forth in subsection 1, ~~paragraphs~~
~~27 39 "a" through "i" of this section paragraph "a",~~ by this
27 40 cumulative inflation factor, shall round off the
27 41 resulting product to the nearest one dollar, and shall
27 42 incorporate the result into the income tax forms and
27 43 instructions for each tax year.

27 44 Sec. 53. Section 422.5, subsection 7, Code 2003,
27 45 is amended by striking the subsection.

27 46 Sec. 54. Section 422.7, Code 2003, as amended by
27 47 2003 Iowa Acts, Senate File 442, section 5, and House
27 48 File 674, sections 5 and 6, is amended by striking the
27 49 section and inserting in lieu thereof the following:

27 50 422.7 "NET INCOME" == HOW COMPUTED.

28 1 The term "net income" means the adjusted gross
28 2 income before the net operating loss deduction as
28 3 properly computed for federal income tax purposes
28 4 under the Internal Revenue Code, with the following
28 5 adjustments:

28 6 1. The adjusted gross income is adjusted by adding
28 7 the sum of the following:

28 8 a. Add the amount of federal income tax refunds
28 9 received in a tax year beginning on or after January
28 10 1, 2007, but before January 1, 2010, to the extent
28 11 that the federal income tax was deducted on an Iowa
28 12 individual income tax return for a tax year beginning
28 13 prior to January 1, 2007.

28 14 b. Add interest and dividends from foreign
28 15 securities and from securities of state and other
28 16 political subdivisions exempt from federal income tax
28 17 under the Internal Revenue Code.

28 18 c. Add interest and dividends from regulated
28 19 investment companies exempt from federal income tax
28 20 under the Internal Revenue Code.

28 21 d. Add, to the extent not already included, income
28 22 from the sale of obligations of the state and its
28 23 political subdivisions. Income from the sale of these
28 24 obligations is exempt from the taxes imposed by this
28 25 division only if the law authorizing these obligations
28 26 specifically exempts the income from the sale from the
28 27 state individual income tax.

28 28 e. Add the amount resulting from the cancellation
28 29 of a participation agreement refunded to the taxpayer
28 30 as a participant in the Iowa educational savings plan
28 31 trust under chapter 12D to the extent previously
28 32 deducted as a contribution to the trust.

28 33 2. The adjusted gross income is adjusted by
28 34 subtracting the sum of the following:

28 35 a. Subtract the amount of federal income taxes
28 36 paid or accrued, as the case may be, in a tax year
28 37 beginning on or after January 1, 2007, but before
28 38 January 1, 2010, to the extent the federal tax payment
28 39 is for a tax year beginning prior to January 1, 2007.

28 40 b. Subtract interest and dividends from federal
28 41 securities.

28 42 c. Subtract the loss on the sale or exchange of a
28 43 share of a regulated investment company held for six
28 44 months or less to the extent the loss was disallowed
28 45 under section 852(b)(4)(B) of the Internal Revenue
28 46 Code.

28 47 d. (1) Subtract, to the extent included, the
28 48 amount of additional social security benefits taxable
28 49 under the Internal Revenue Code for tax years
28 50 beginning on or after January 1, 1994. The amount of
29 1 social security benefits taxable as provided in
29 2 section 86 of the Internal Revenue Code, as amended up
29 3 to and including January 1, 1993, continues to apply
29 4 for state income tax purposes for tax years beginning
29 5 on or after January 1, 1994.

29 6 (2) Married taxpayers, who file a joint federal
29 7 income tax return and who elect to file separate
29 8 returns or who elect separate filing on a combined
29 9 return for state income tax purposes, shall allocate
29 10 between the spouses the amount of benefits subtracted
29 11 under subparagraph (1) from net income in the ratio of
29 12 the social security benefits received by each spouse
29 13 to the total of these benefits received by both
29 14 spouses.

29 15 e. (1) For a person who is disabled, or is fifty=
29 16 five years of age or older, or is the surviving spouse
29 17 of an individual or a survivor having an insurable
29 18 interest in an individual who would have qualified for
29 19 the exemption under this paragraph for the tax year,
29 20 subtract, to the extent included, the total amount of
29 21 a governmental or other pension or retirement pay,
29 22 including, but not limited to, defined benefit or
29 23 defined contribution plans, annuities, individual
29 24 retirement accounts, plans maintained or contributed
29 25 to by an employer, or maintained or contributed to by
29 26 a self-employed person as an employer, and deferred
29 27 compensation plans or any earnings attributable to the
29 28 deferred compensation plans, up to a maximum of six
29 29 thousand dollars for a person, other than a husband or
29 30 wife, who files a separate state income tax return and
29 31 up to a maximum of twelve thousand dollars for a
29 32 husband and wife who file a joint state income tax
29 33 return.

29 34 (2) However, a surviving spouse who is not
29 35 disabled or fifty-five years of age or older can only
29 36 exclude the amount of pension or retirement pay
29 37 received as a result of the death of the other spouse.
29 38 A husband and wife filing separate state income tax
29 39 returns or separately on a combined return are allowed
29 40 a combined maximum exclusion under this paragraph "e"
29 41 of up to the amount allowed for a husband and wife who
29 42 file a joint state income tax return. The exclusion
29 43 shall be allocated to the husband or wife in the
29 44 proportion that each spouse's respective pension and
29 45 retirement pay received bears to total combined
29 46 pension and retirement pay received.

29 47 f. Notwithstanding the method for computing income
29 48 from an installment sale under section 453 of the

29 49 Internal Revenue Code, as defined in section 422.3,
29 50 the method to be used in computing income from an
30 1 installment sale shall be the method under section 453
30 2 of the Internal Revenue Code, as amended up to and
30 3 including January 1, 2000. A taxpayer affected by
30 4 this paragraph shall make adjustments in the adjusted
30 5 gross income pursuant to rules adopted by the
30 6 director.

30 7 The adjustment to net income provided in this
30 8 paragraph "f" is repealed for tax years beginning on
30 9 or after January 1, 2002. However, to the extent that
30 10 a taxpayer using the accrual method of accounting
30 11 reported the entire capital gain from the sale or
30 12 exchange of property on the Iowa return for the tax
30 13 year beginning in the 2001 calendar year and the
30 14 capital gain was reported on the installment method on
30 15 the federal income tax return, any additional
30 16 installment from the capital gain reported for federal
30 17 income tax purposes is not to be included in net
30 18 income in tax years beginning on or after January 1,
30 19 2002.

30 20 g. Subtract, if the taxpayer is the owner of an
30 21 individual development account certified under chapter
30 22 541A at any time during the tax year, all of the
30 23 following:

30 24 (1) Contributions made to the account by persons
30 25 and entities, other than the taxpayer, as authorized
30 26 in chapter 541A.

30 27 (2) The amount of any savings refund authorized
30 28 under section 541A.3, subsection 1.

30 29 (3) Earnings from the account.

30 30 h. (1) Subtract the maximum contribution that may
30 31 be deducted for income tax purposes as a participant
30 32 in the Iowa educational savings plan trust pursuant to
30 33 section 12D.3, subsection 1, paragraph "a".

30 34 (2) Subtract, to the extent included, income from
30 35 interest and earnings received from the Iowa
30 36 educational savings plan trust created in chapter 12D.

30 37 (3) Subtract, to the extent not deducted for
30 38 federal income tax purposes, the amount of any gift,
30 39 grant, or donation made to the Iowa educational
30 40 savings plan trust for deposit in the endowment fund
30 41 of that trust.

30 42 i. Subtract, to the extent included, active duty
30 43 pay received by a person in the national guard or
30 44 armed forces military reserve for services performed
30 45 on or after August 2, 1990, pursuant to military
30 46 orders related to the Persian Gulf Conflict.

30 47 j. Subtract, to the extent included, active duty
30 48 pay received by a person in the national guard or
30 49 armed forces military reserve for service performed on
30 50 or after November 21, 1995, pursuant to military
31 1 orders related to peacekeeping in Bosnia=Herzegovina.

31 2 k. Subtract, to the extent included, the
31 3 following:

31 4 (1) Payments made to the taxpayer because of the
31 5 taxpayer's status as a victim of persecution for
31 6 racial, ethnic, or religious reasons by Nazi Germany
31 7 or any other Axis regime or as an heir of such victim.

31 8 (2) Items of income attributable to, derived from,
31 9 or in any way related to assets stolen from, hidden
31 10 from, or otherwise lost to a victim of persecution for
31 11 racial, ethnic, or religious reasons by Nazi Germany
31 12 or any other Axis regime immediately prior to, during,
31 13 and immediately after World War II, including, but not
31 14 limited to, interest on the proceeds receivable as
31 15 insurance under policies issued to a victim of
31 16 persecution for racial, ethnic, or religious reasons
31 17 by Nazi Germany or any other Axis regime by European
31 18 insurance companies immediately prior to and during
31 19 World War II. However, income from assets acquired
31 20 with such assets or with the proceeds from the sale of
31 21 such assets shall not be subtracted. This

31 22 subparagraph shall only apply to a taxpayer who was
31 23 the first recipient of such assets after recovery of
31 24 the assets and who is a victim of persecution for
31 25 racial, ethnic, or religious reasons by Nazi Germany
31 26 or any other Axis regime or is an heir of such victim.

31 27 l. Subtract, to the extent included, active duty
31 28 pay received by a person in the national guard or
31 29 armed forces military reserve for service performed on

31 30 or after January 1, 2003, pursuant to military orders
31 31 related to Operation Iraqi Freedom, Operation Noble
31 32 Eagle, and Operation Enduring Freedom.
31 33 m. Subtract, not to exceed one thousand five
31 34 hundred dollars, the overnight transportation, meals,
31 35 and lodging expenses, to the extent not reimbursed,
31 36 incurred by the taxpayer for travel away from home of
31 37 more than one hundred miles for the performance of
31 38 services by the taxpayer as a member of the national
31 39 guard or armed forces military reserve.
31 40 n. Subtract, to the extent included, military
31 41 student loan repayments received by the taxpayer
31 42 serving on active duty in the national guard or armed
31 43 forces military reserve or on active duty status in
31 44 the armed forces.
31 45 o. Subtract, to the extent not otherwise excluded,
31 46 the amount of the death gratuity payable under 10
31 47 U.S.C. } 1475=1491 for deaths occurring after
31 48 September 10, 2001.
31 49 3. a. In determining the amount of federal income
31 50 tax refunds or taxes paid or accrued under subsection
32 1 1 or 2, for tax years beginning in the 2001 calendar
32 2 year, the amount shall not be adjusted by the amount
32 3 received during the tax year of the advanced refund of
32 4 the rate reduction tax credit provided pursuant to the
32 5 federal Economic Growth and Tax Relief Reconciliation
32 6 Act of 2001, Pub. L. No. 107=16, and the advanced
32 7 refund of such credit shall not be subject to taxation
32 8 under this division.
32 9 b. In determining the amount of federal income tax
32 10 refunds or taxes paid or accrued under subsection 1 or
32 11 2, for tax years beginning in the 2002 calendar year,
32 12 the amount shall not be adjusted by the amount of the
32 13 rate reduction credit received during the tax year to
32 14 the extent that the credit is attributable to the rate
32 15 reduction credit provided pursuant to the federal
32 16 Economic Growth and Tax Relief Reconciliation Act of
32 17 2001, Pub. L. No. 107=16, and the amount of such
32 18 credit shall not be taxable under this division.
32 19 4. The additional first-year depreciation
32 20 allowance authorized in section 168(k) of the Internal
32 21 Revenue Code, as enacted by Pub. L. No. 107=147,
32 22 section 101, does not apply in computing net income
32 23 for state tax purposes. If the taxpayer has taken
32 24 such deduction in computing federal adjusted gross
32 25 income, the following adjustments shall be made:
32 26 a. Add the total amount of depreciation taken on
32 27 all property for which the election under section
32 28 168(k) of the Internal Revenue Code was made for the
32 29 tax year.
32 30 b. Subtract an amount equal to depreciation taken
32 31 on such property for the tax year using the modified
32 32 accelerated cost recovery system depreciation method
32 33 applicable under section 168 of the Internal Revenue
32 34 Code without regard to section 168(k).
32 35 c. Any other adjustments to gains or losses to
32 36 reflect the adjustments made in paragraphs "a" and "b"
32 37 pursuant to rules adopted by the director.
32 38 Sec. 55. Section 422.8, subsection 2, paragraph a,
32 39 Code 2003, is amended to read as follows:
32 40 a. Nonresident's net income allocated to Iowa is
32 41 the net income, or portion of net income, which is
32 42 derived from a business, trade, profession, or
32 43 occupation carried on within this state or income from
32 44 any property, trust, estate, or other source within
32 45 Iowa. However, income derived from a business, trade,
32 46 profession, or occupation carried on within this state
32 47 and income from any property, trust, estate, or other
32 48 source within Iowa shall not include distributions
32 49 from pensions, including defined benefit or defined
32 50 contribution plans, annuities, individual retirement
33 1 accounts, and deferred compensation plans or any
33 2 earnings attributable thereto so long as the
33 3 distribution is directly related to an individual's
33 4 documented retirement and received while the
33 5 individual is a nonresident of this state. If a
33 6 business, trade, profession, or occupation is carried
33 7 on partly within and partly without the state, only
33 8 the portion of the net income which is fairly and
33 9 equitably attributable to that part of the business,
33 10 trade, profession, or occupation carried on within the

33 11 state is allocated to Iowa for purposes of section
33 12 422.5, subsection 1, paragraph "j" "b", and section
33 13 422.13 and income from any property, trust, estate, or
33 14 other source partly within and partly without the
33 15 state is allocated to Iowa in the same manner, except
33 16 that annuities, interest on bank deposits and
33 17 interest-bearing obligations, and dividends are
33 18 allocated to Iowa only to the extent to which they are
33 19 derived from a business, trade, profession, or
33 20 occupation carried on within the state.

33 21 Sec. 56. Section 422.8, subsection 4, Code 2003,
33 22 is amended by striking the subsection.

33 23 Sec. 57. Section 422.9, subsection 1, Code 2003,
33 24 is amended to read as follows:

33 25 1. An optional standard deduction, ~~after deduction~~
~~33 26 of federal income tax,~~ equal to one thousand two
33 27 hundred thirty dollars for a married person who files
33 28 separately or a single person or equal to three
33 29 thousand thirty dollars for a husband and wife who
33 30 file a joint return, a surviving spouse, or an
33 31 unmarried head of household. ~~The optional standard~~
~~33 32 deduction shall not exceed the amount remaining after~~
~~33 33 deduction of the federal income tax.~~

33 34 Sec. 58. Section 422.9, subsection 2, paragraph b,
33 35 Code 2003, is amended by striking the paragraph.

33 36 Sec. 59. Section 422.9, subsections 6 and 7, Code
33 37 2003, are amended by striking the subsections.

33 38 Sec. 60. Section 422.11B, subsection 1, Code 2003,
33 39 is amended to read as follows:

33 40 1. There is allowed as a credit against the tax
33 41 determined in section 422.5, subsection 1, paragraphs
33 42 "a" through "j" for a tax year an amount equal to the
33 43 minimum tax credit for that tax year.

33 44 The minimum tax credit for a tax year is the
33 45 excess, if any, of the adjusted net minimum tax
33 46 imposed for all prior tax years beginning on or after
33 47 January 1, 1987, ~~but before January 1, 2007,~~ over the
33 48 amount allowable as a credit under this section for
33 49 those prior tax years.

33 50 If a minimum tax credit is available to a tax
34 1 period beginning on or after January 1, 2007, the
34 2 credit can be carried over to tax years beginning on
34 3 or after January 1, 2007, but before January 1, 2010.
34 4 The minimum tax credit is limited to the tax
34 5 determined in section 422.5, subsection 1, paragraphs
34 6 "a" and "b".

34 7 Sec. 61. Section 422.13, subsection 1, paragraph
34 8 c, and subsection 1A, Code 2003, are amended to read
34 9 as follows:

34 10 c. However, if that part of the net income of a
34 11 nonresident which is allocated to Iowa pursuant to
34 12 section 422.8, subsection 2, is less than one thousand
34 13 dollars the nonresident is not required to make and
34 14 sign a return ~~except when the nonresident is subject~~
~~34 15 to the state alternative minimum tax imposed pursuant~~

~~34 16 to section 422.5, subsection 1, paragraph "k".~~

34 17 1A. Notwithstanding any other provision in this
34 18 section, a resident of this state is not required to
34 19 make and file a return if the person's net income is
34 20 equal to or less than the appropriate dollar amount
34 21 listed in section 422.5, subsection 2, upon which tax
34 22 is not imposed. A nonresident of this state is not
34 23 required to make and file a return if the person's
34 24 total net income in section 422.5, subsection 1,
34 25 paragraph "j", "b", is equal to or less than the
34 26 appropriate dollar amount provided in section 422.5,
34 27 subsection 2, upon which tax is not imposed. For
34 28 purposes of this subsection, the amount of a lump sum
34 29 distribution subject to separate federal tax shall be
34 30 included in net income for purposes of determining if
34 31 a resident is required to file a return and the
34 32 portion of the lump sum distribution that is allocable
34 33 to Iowa is included in total net income for purposes
34 34 of determining if a nonresident is required to make
34 35 and file a return.

34 36 Sec. 62. Section 422.21, unnumbered paragraph 5,
34 37 Code 2003, is amended to read as follows:

34 38 The director shall determine for the ~~1989~~ 2008 and
34 39 each subsequent calendar year the annual and
34 40 cumulative inflation factors for each calendar year to
34 41 be applied to tax years beginning on or after January

34 42 1 of that calendar year. The director shall compute
34 43 the new dollar amounts as specified to be adjusted in
34 44 section 422.5 by the latest cumulative inflation
34 45 factor and round off the result to the nearest one
34 46 dollar. The annual and cumulative inflation factors
34 47 determined by the director are not rules as defined in
34 48 section 17A.2, subsection 11. The director shall
34 49 determine for the 1990 calendar year and each
34 50 subsequent calendar year the annual and cumulative
35 1 standard deduction factors to be applied to tax years
35 2 beginning on or after January 1 of that calendar year.
35 3 The director shall compute the new dollar amounts of
35 4 the standard deductions specified in section 422.9,
35 5 subsection 1, by the latest cumulative standard
35 6 deduction factor and round off the result to the
35 7 nearest ten dollars. The annual and cumulative
35 8 standard deduction factors determined by the director
35 9 are not rules as defined in section 17A.2, subsection
35 10 11.

35 11 Sec. 63. Section 422.11B, Code 2003, is repealed.
35 12 COORDINATING AMENDMENTS

35 13 Sec. 64. Section 12D.9, subsection 2, Code 2003,
35 14 is amended to read as follows:

35 15 2. State income tax treatment of the Iowa
35 16 educational savings plan trust shall be as provided in
35 17 section 422.7, ~~subsections 32, 33, and 34~~ subsection
35 18 1, paragraph "e", and subsection 2, paragraph "h", and
35 19 section 422.35, subsection 14.

35 20 Sec. 65. Section 217.39, Code 2003, is amended to
35 21 read as follows:

35 22 217.39 PERSECUTED VICTIMS OF WORLD WAR II ==
35 23 REPARATIONS == HEIRS.

35 24 Notwithstanding any other law of this state,
35 25 payments paid to and income from lost property of a
35 26 victim of persecution for racial, ethnic, or religious
35 27 reasons by Nazi Germany or any other Axis regime or as
35 28 an heir of such victim which is exempt from state
35 29 income tax as provided in section 422.7, subsection 35
35 30 2, paragraph "k", shall not be considered as income or
35 31 an asset for determining the eligibility for state or
35 32 local government benefit or entitlement programs. The
35 33 proceeds are not subject to recoupment for the receipt
35 34 of governmental benefits or entitlements, and liens,
35 35 except liens for child support, are not enforceable
35 36 against these sums for any reason.

35 37 Sec. 66. Section 422.120, subsection 1, paragraph
35 38 b, subparagraph (3), Code 2003, is amended to read as
35 39 follows:

35 40 (3) The annual index factor for the 1997 calendar
35 41 year is one hundred percent. For ~~each subsequent the~~
35 42 1998 through 2006 calendar year years, the annual
35 43 index factor equals the annual inflation factor for
35 44 that calendar year as computed in section 422.4 for
35 45 purposes of the individual income tax. For the 2007
35 46 calendar year and each subsequent calendar year the
35 47 annual index factor shall be determined by the
35 48 department by October 15 of the calendar year
35 49 preceding the calendar year for which the factor is
35 50 determined, which reflects the purchasing power of the
36 1 dollar as a result of inflation during the fiscal year
36 2 ending in the calendar year preceding the calendar
36 3 year for which the factor is determined. In
36 4 determining the annual index factor, the department
36 5 shall use the annual percent change, but not less than
36 6 zero percent, in the gross domestic product price
36 7 deflator computed for the second quarter of the
36 8 calendar year by the bureau of economic analysis of
36 9 the United States department of commerce and shall add
36 10 all of that percent change to one hundred percent.
36 11 The annual index factor and the cumulative index
36 12 factor shall each be expressed as a percentage rounded
36 13 to the nearest one-tenth of one percent. The annual
36 14 index factor shall not be less than one hundred
36 15 percent.

36 16 Sec. 67. Section 425.23, subsection 4, paragraph
36 17 b, Code 2003, is amended to read as follows:

36 18 b. The annual adjustment factor for the 1998 base
36 19 year is one hundred percent. For ~~each subsequent the~~
36 20 1999 through 2006 base year years, the annual
36 21 adjustment factor equals the annual inflation factor
36 22 for the calendar year, in which the base year begins,

36 23 as computed in section 422.4 for purposes of the
36 24 individual income tax. For the 2007 base year and
36 25 each subsequent base year, the annual adjustment
36 26 factor equals the annual index factor, in which the
36 27 base year begins, as computed in section 422.120,
36 28 subsection 1, for purposes of the livestock production
36 29 tax credit.

36 30 Sec. 68. Section 450.4, subsection 8, Code 2003,
36 31 is amended to read as follows:
36 32 8. On the value of that portion of any lump sum or
36 33 installment payments which are received by a
36 34 beneficiary under an annuity which was purchased under
36 35 an employee's pension or retirement plan which was
36 36 excluded from net income ~~as set forth in~~ under section
36 37 422.7, ~~subsection 3.~~

36 38 Sec. 69. Section 541A.2, subsection 7, unnumbered
36 39 paragraph 1, Code 2003, is amended to read as follows:

36 40 An individual development account closed in
36 41 accordance with this subsection is not subject to the
36 42 limitations and benefits provided by this chapter but
36 43 is subject to state tax in accordance with the
36 44 provisions of section 422.7, subsection ~~2~~ 2,
36 45 ~~paragraph "g",~~ and section 450.4, subsection 6. An
36 46 individual development account may be closed for any
36 47 of the following reasons:

36 48 Sec. 70. Section 541A.3, subsection 2, Code 2003,
36 49 is amended to read as follows:

36 50 2. Income earned by an individual development
37 1 account is not subject to state tax, in accordance
37 2 with the provisions of section 422.7, subsection ~~2~~ 2,
37 3 ~~paragraph "g".~~

37 4 Sec. 71. Division III of this Act is repealed.
37 5 CONTINGENT EFFECTIVE AND APPLICABILITY DATE PROVISION

37 6 Sec. 72.

37 7 1. This division of this Act takes effect upon
37 8 ratification prior to January 1, 2007, of an amendment
37 9 to the Constitution of the State of Iowa requiring a
37 10 three-fifths majority vote of each house of the
37 11 general assembly in order to pass a bill that amends
37 12 the state individual income tax by raising the rate or
37 13 rates of the individual income tax or of an amendment
37 14 to the Constitution of the State of Iowa requiring a
37 15 statewide referendum in order to approve a bill that
37 16 amends the state individual income tax by raising the
37 17 rate or rates of the individual income tax.

37 18 2. If this division of this Act takes effect as
37 19 provided in subsection 1, this division of this Act,
37 20 except as provided in subsection 3, applies to tax
37 21 years beginning on or after January 1, 2007.

37 22 3. The section of this division of this Act
37 23 repealing section 422.11B applies to tax years
37 24 beginning on or after January 1, 2010.

37 25 DIVISION V

37 26 SALES AND USE TAX STUDIES

37 27 Sec. 73. INDUSTRIAL PROCESSING EXEMPTION STUDY
37 28 COMMITTEE. On or before July 1, 2003, the department
37 29 of revenue and finance shall initiate and coordinate
37 30 the establishment of an industrial processing
37 31 exemption study committee and provide staffing
37 32 assistance to the committee. It is the intent of the
37 33 general assembly that the committee shall include
37 34 representatives of the department of revenue and
37 35 finance, department of management, industrial
37 36 producers including manufacturers, fabricators,
37 37 printers and publishers, and an association that
37 38 specifically represents business tax issues, and other
37 39 stakeholders.

37 40 The industrial processing exemption under the sales
37 41 and use tax is a significant exemption for business.
37 42 The committee shall study and make legislative and
37 43 administrative recommendations relating to Iowa's
37 44 processing exemption to ensure maximum utilization by
37 45 Iowa's industries.

37 46 The committee shall study and make recommendations
37 47 regarding all of the following:

37 48 1. The current sales and use tax industrial
37 49 processing exemption.

37 50 2. The corresponding administrative rules,
38 1 including a review and recommendation of an
38 2 administrative rules process relating to the
38 3 industrial processing exemption prior to filing with

38 4 the administrative rules review committee.
38 5 3. Other states' industrial processing exemptions.
38 6 4. Recommendations for change for issues including
38 7 effectiveness and competitiveness.
38 8 5. Development of additional publications to
38 9 improve compliance.
38 10 The committee shall annually report to the general
38 11 assembly by January 1 of each year through January 1,
38 12 2013.
38 13 Sec. 74. IOWA SALES, SERVICES, AND USE TAX STUDY
38 14 COMMITTEE. On or before July 1, 2003, the department
38 15 of revenue and finance shall initiate and coordinate
38 16 the establishment of a state sales, services, and use
38 17 tax study committee and provide staffing assistance to
38 18 the committee. It is the intent of the general
38 19 assembly that the committee shall include
38 20 representatives of the department of revenue and
38 21 finance, department of management, an association of
38 22 Iowa farmers and other agricultural interests, retail
38 23 associations, contractors, taxpayers, an association
38 24 that specifically represents business tax issues, and
38 25 other stakeholders, two members of the general
38 26 assembly, and a representative of the governor's
38 27 office.
38 28 The committee shall study the current sales,
38 29 services, and use tax law. Programs funded through
38 30 special features of the tax code often escape regular
38 31 review. It is intended that the study committee shall
38 32 review the current sales, services, and use tax
38 33 exemptions to improve government accountability.
38 34 The committee shall study and make recommendations
38 35 regarding all of the following:
38 36 1. Retaining or eliminating current sales,
38 37 services, and use tax exemptions or providing new
38 38 exemptions. Such decisions shall be based at least
38 39 partially on the issues of effectiveness and
38 40 competitiveness and their impact on economic behavior.
38 41 2. Tax simplification and consistency issues in
38 42 applying the tax, including recordkeeping burdens on
38 43 retailers and application by the department of revenue
38 44 and finance.
38 45 3. Streamlining sales tax implementation in Iowa.
38 46 4. The tax rate.
38 47 5. Comparison of Iowa sales, services, and use tax
38 48 structure with other states.
38 49 The committee shall report to the general assembly
38 50 by January 1, 2004. The report shall provide
39 1 rationale for each decision made by the study
39 2 committee.
39 3 Sec. 75. EFFECTIVE DATE. This division of this
39 4 Act, being deemed of immediate importance, takes
39 5 effect July 1, 2003.
39 6 DIVISION VI
39 7 GROW IOWA BOARD AND FUND
39 8 Sec. 76. Section 15.108, subsection 9, Code 2003,
39 9 is amended by adding the following new paragraph:
39 10 NEW PARAGRAPH. g. Administer the marketing
39 11 strategy selected pursuant to section 15G.108.
39 12 Sec. 77. NEW SECTION. 15G.101 DEFINITIONS.
39 13 As used in this chapter, unless the context
39 14 otherwise requires:
39 15 1. "Board" means the grow Iowa board established
39 16 in section 15G.102.
39 17 2. "Department" means the Iowa department of
39 18 economic development created in section 15.105.
39 19 3. "Director" means the director of the department
39 20 of economic development.
39 21 4. "Fund" means the grow Iowa fund created in
39 22 section 15G.107.
39 23 5. "Grow Iowa geographic regions" means the
39 24 geographic regions defined in section 15G.105.
39 25 Sec. 78. NEW SECTION. 15G.102 GROW IOWA BOARD.
39 26 1. The grow Iowa board is established consisting
39 27 of nine voting members. The grow Iowa board shall be
39 28 located for administrative purposes within the
39 29 department and the director shall provide office
39 30 space, staff assistance, and necessary supplies and
39 31 equipment for the board. The director shall budget
39 32 moneys to pay the compensation and expenses of the
39 33 board. In performing its functions, the board is
39 34 performing a public function on behalf of the state

39 35 and is a public instrumentality of the state.
39 36 2. a. The members of the board shall be appointed
39 37 as follows:
39 38 (1) Five individuals appointed by the governor,
39 39 subject to confirmation by the senate.
39 40 (2) Four individuals appointed by the legislative
39 41 council.
39 42 b. All appointments shall comply with sections
39 43 69.16 and 69.16A.
39 44 c. At least one member of the board shall be from
39 45 each grow Iowa geographic region.
39 46 d. Each of the following areas of expertise shall
39 47 be represented by at least one member of the board who
39 48 has professional experience in that area of expertise:
39 49 (1) Accounting and finance.
39 50 (2) Business development for employers with less
40 1 than two hundred employees and sales of less than ten
40 2 million dollars per year.
40 3 (3) Insurance.
40 4 (4) Economics.
40 5 (5) Personnel.
40 6 e. All members of the board shall be actively
40 7 employed in the private, for-profit sector of the
40 8 economy.
40 9 f. The board membership shall be balanced between
40 10 representation by employers with less than two hundred
40 11 employees and employers with two hundred or more
40 12 employees.
40 13 3. The chairperson and vice chairperson shall be
40 14 elected by the members of the board from the
40 15 membership of the board. In the case of the absence
40 16 or disability of the chairperson and vice chairperson,
40 17 the members of the board shall elect a temporary
40 18 chairperson by a majority vote of those members who
40 19 are present and voting, provided a quorum is present.
40 20 4. The members of the board shall be appointed to
40 21 three-year staggered terms and the terms shall
40 22 commence and end as provided in section 69.19. If a
40 23 vacancy occurs, a successor shall be appointed in the
40 24 same manner and subject to the same qualifications as
40 25 the original appointment to serve the unexpired term.
40 26 5. A majority of the board constitutes a quorum.
40 27 6. A member of the board shall abstain from voting
40 28 on the provision of financial assistance to a project
40 29 which is located in the county in which the member of
40 30 the board resides.
40 31 7. The members of the board are entitled to
40 32 receive reimbursement for actual expenses incurred
40 33 while engaged in the performance of official duties.
40 34 A board member may also be eligible to receive
40 35 compensation as provided in section 7E.6.
40 36 Sec. 79. NEW SECTION. 15G.103 BOARD DUTIES.
40 37 The board shall do all of the following:
40 38 1. Organize.
40 39 2. Receive advice and recommendations from the
40 40 grow Iowa investment board, the economic development
40 41 marketing board, and the grow Iowa review commission.
40 42 3. Provide advice and recommendations to the
40 43 department and the Iowa economic development board for
40 44 making appropriations from and administering the grow
40 45 Iowa fund. A recommendation made by the grow Iowa
40 46 board to the department or the Iowa economic
40 47 development board shall be either approved or denied
40 48 by the department or the Iowa economic development
40 49 board.
40 50 4. Assist the department in implementing programs
41 1 and activities in a manner designed to achieve the
41 2 goals set out in section 15G.106.
41 3 5. By December 15 of each year, submit a written
41 4 report to the general assembly reviewing the
41 5 activities of the board during the calendar year. The
41 6 report shall include information necessary for the
41 7 review of the goals and performance measures set out
41 8 in section 15G.106. State agencies and other entities
41 9 receiving moneys from the fund shall cooperate with
41 10 and assist the board in compilation of the report.
41 11 6. Adopt administrative rules pursuant to chapter
41 12 17A necessary to administer this chapter. This
41 13 delegation shall be construed narrowly.
41 14 Sec. 80. NEW SECTION. 15G.104 GROW IOWA
41 15 INVESTMENT BOARD.

41 16 1. A grow Iowa investment board is established
41 17 consisting of three members and is located for
41 18 administrative purposes within the department. The
41 19 director of the department shall provide office space,
41 20 staff assistance, and necessary supplies and equipment
41 21 for the board. The director shall budget moneys to
41 22 pay the compensation and expenses of the board. In
41 23 performing its functions, the board is performing a
41 24 public function on behalf of the state and is a public
41 25 instrumentality of the state.

41 26 2. a. Membership of the grow Iowa investment
41 27 board shall include all of the following:

41 28 (1) One member appointed by the governor from a
41 29 list of three banking representatives provided by the
41 30 superintendent of banking. This member shall serve a
41 31 three-year term.

41 32 (2) One member appointed by the governor from a
41 33 list of entrepreneurs provided jointly by the Iowa
41 34 association of business and industry and the national
41 35 federation of independent business. This member shall
41 36 serve a three-year term.

41 37 (3) The entrepreneur of the year as selected by
41 38 the Iowa small business development centers shall be
41 39 offered a one-year membership on the investment board.
41 40 If the entrepreneur of the year declines to serve on
41 41 the investment board, a member shall be appointed by
41 42 the governor from the list provided pursuant to
41 43 subparagraph (2) for the one-year term.

41 44 b. The chairperson and vice chairperson of the
41 45 grow Iowa investment board shall be elected by and
41 46 from the investment board members. The terms of the
41 47 members shall commence and end as provided by section
41 48 69.19. If a vacancy occurs, a successor shall be
41 49 appointed in the same manner and subject to the same
41 50 qualifications as the original appointment to serve
42 1 the unexpired term. A majority of the investment
42 2 board constitutes a quorum.

42 3 3. The grow Iowa investment board, after a
42 4 thorough review, shall determine whether a proposed
42 5 project using moneys from the grow Iowa fund is
42 6 practical and shall provide recommendations to the
42 7 grow Iowa board regarding any moneys proposed to be
42 8 expended from the grow Iowa fund, with the exception
42 9 of moneys appropriated for purposes of the loan and
42 10 credit guarantee program and regarding whether a
42 11 proposed project is practical. The recommendations
42 12 shall be based on whether the expenditure would make
42 13 the achievement of the goals in accordance with the
42 14 performance measures set out in section 15G.106 more
42 15 likely. The recommendations may include conditions or
42 16 that proposed expenditure be rejected. The grow Iowa
42 17 board shall consider the recommendations of the grow
42 18 Iowa investment board and shall make an independent
42 19 recommendation to the department and the Iowa economic
42 20 development board regarding the expenditure. The
42 21 recommendations of the grow Iowa board shall include
42 22 the recommendations made by the grow Iowa investment
42 23 board.

42 24 4. The members of the board are entitled to
42 25 receive reimbursement for actual expenses incurred
42 26 while engaged in the performance of official duties.
42 27 A board member may also be eligible to receive
42 28 compensation as provided in section 7E.6.

42 29 Sec. 81. NEW SECTION. 15G.104A GROW IOWA REVIEW
42 30 COMMISSION.

42 31 1. A grow Iowa review commission is established
42 32 consisting of three members and is located for
42 33 administrative purposes within the department. The
42 34 director of the department shall provide office space,
42 35 staff assistance, and necessary supplies and equipment
42 36 for the review commission. The director shall budget
42 37 moneys to pay the compensation and expenses of the
42 38 commission, including the actual expenses of the
42 39 auditor of state incurred while engaged in the
42 40 performance of official commission duties. In
42 41 performing its functions, the review commission is
42 42 performing a public function on behalf of the state
42 43 and is a public instrumentality of the state.

42 44 2. Membership of the review commission shall
42 45 include the auditor of state, an economist for the
42 46 Iowa state university cooperative extension service in

42 47 agriculture and home economics appointed by the
42 48 president of the senate after consultation with the
42 49 minority leader of the senate, and a private sector
42 50 economist with broad experience reviewing and
43 1 analyzing the Iowa economy and the economy of the
43 2 upper midwest appointed by the speaker of the house of
43 3 representatives after consultation with the minority
43 4 leader of the house of representatives. The
43 5 appointments shall comply with sections 69.16 and
43 6 69.16A. The chairperson of the review commission
43 7 shall be the auditor of state. The members shall be
43 8 appointed to three-year staggered terms and the terms
43 9 shall commence and end as provided by section 69.19.
43 10 If a vacancy occurs, a successor shall be appointed in
43 11 the same manner and subject to the same qualifications
43 12 as the original appointment to serve the unexpired
43 13 term. A majority of the review commission constitutes
43 14 a quorum. For purposes of this subsection, "upper
43 15 midwest" includes the states of Iowa, Kansas,
43 16 Minnesota, Missouri, Nebraska, North Dakota, and South
43 17 Dakota.

43 18 3. The review commission shall analyze all annual
43 19 reports of the grow Iowa board for purposes of
43 20 determining if the goals and performance measures set
43 21 out in section 15G.106 have been met. By January 1,
43 22 2007, the review commission shall submit a report to
43 23 the grow Iowa board, the department, and the general
43 24 assembly. The report shall include findings, itemized
43 25 by grow Iowa geographic regions, regarding whether the
43 26 goals and performance measures were met. The report
43 27 shall also include recommendations regarding the
43 28 continuation, elimination, or modification of any
43 29 programs receiving moneys from the grow Iowa fund and
43 30 whether moneys should continue to be appropriated to
43 31 and from the grow Iowa fund. The recommendations
43 32 shall be based on whether the goals in accordance with
43 33 the performance measures are being achieved.

43 34 4. The members of the commission, including the
43 35 auditor of state, are entitled to receive
43 36 reimbursement for actual expenses incurred while
43 37 engaged in the performance of official duties. A
43 38 commission member may also be eligible to receive
43 39 compensation as provided in section 7E.6.

43 40 Sec. 82. NEW SECTION. 15G.105 GROW IOWA
43 41 GEOGRAPHIC REGIONS.

43 42 For purposes of applying the goals and performance
43 43 measurements, the state shall be divided into five
43 44 grow Iowa geographic regions. The regions shall be
43 45 the following:

43 46 1. The northwest region shall include the counties
43 47 of Lyon, Osceola, Dickinson, Emmet, Kossuth,
43 48 Winnebago, Sioux, O'Brien, Clay, Palo Alto, Hancock,
43 49 Plymouth, Cherokee, Buena Vista, Pocahontas, Humboldt,
43 50 Wright, Woodbury, Ida, Sac, Calhoun, Webster, and
44 1 Hamilton.

44 2 2. The northeast region shall include the counties
44 3 of Worth, Mitchell, Howard, Winneshiek, Allamakee,
44 4 Cerro Gordo, Floyd, Chickasaw, Fayette, Clayton,
44 5 Franklin, Butler, Bremer, Hardin, Grundy, Black Hawk,
44 6 Buchanan, Delaware, Dubuque, Tama, Benton, Linn,
44 7 Jones, and Jackson.

44 8 3. The southeast region shall include the counties
44 9 of Poweshiek, Iowa, Johnson, Cedar, Clinton, Scott,
44 10 Muscatine, Mahaska, Keokuk, Washington, Louisa,
44 11 Monroe, Wapello, Jefferson, Henry, Des Moines,
44 12 Appanoose, Davis, Van Buren, and Lee.

44 13 4. The southwest region shall include the counties
44 14 of Monona, Crawford, Carroll, Greene, Harrison,
44 15 Shelby, Audubon, Guthrie, Pottawattamie, Cass, Adair,
44 16 Mills, Montgomery, Adams, Union, Clarke, Lucas,
44 17 Fremont, Page, Taylor, Ringgold, Decatur, and Wayne.

44 18 5. The central region shall include the counties
44 19 of Boone, Story, Marshall, Dallas, Polk, Jasper,
44 20 Madison, Warren, and Marion.

44 21 Sec. 83. NEW SECTION. 15G.106 GOALS ==
44 22 PERFORMANCE MEASURES.

44 23 1. In performing the duties provided in this
44 24 chapter, chapter 15, and chapter 15E, the grow Iowa
44 25 board, the grow Iowa investment board, the economic
44 26 development marketing board, the grow Iowa review
44 27 commission, and the department shall achieve the goals

44 28 of expanding and stimulating the state economy,
44 29 increasing the wealth of Iowans, and increasing the
44 30 population of the state. For purposes of this
44 31 section, "upper midwest region" includes the states of
44 32 Iowa, Kansas, Minnesota, Missouri, Nebraska, North
44 33 Dakota, and South Dakota.

44 34 2. Goal achievement shall be examined on a
44 35 regional basis using the grow Iowa geographic regions
44 36 and not on a statewide basis. The performance of the
44 37 grow Iowa geographic regions shall be compared to the
44 38 performance of the state, the upper midwest region,
44 39 and the United States. The baseline year shall be the
44 40 calendar year 2000. In each grow Iowa geographic
44 41 region, the goal shall be to increase the baseline
44 42 performance measures listed in subsections 3, 4, and
44 43 5, by thirty percent.

44 44 3. a. In determining whether the goal of
44 45 expanding and stimulating the state economy has been
44 46 met, the following performance measures shall be
44 47 considered:

44 48 (1) An increase in Iowa's gross domestic product.
44 49 (2) A net increase in business start-ups.
44 50 (3) A net increase in business expansion.
45 1 (4) A net increase in business modernization.
45 2 (5) A net increase in attracting new businesses to
45 3 the state.

45 4 (6) A net increase in business retention.
45 5 (7) A net increase in job creation and retention.
45 6 (8) A decrease in Iowa of the ratio of the
45 7 government wage earnings as a percentage share of the
45 8 earnings of private industry in Iowa at a rate at
45 9 least equal to the ratio of the upper midwest region.

45 10 b. By December 15 of each year, the department
45 11 shall submit a report to the grow Iowa review
45 12 commission and the grow Iowa board that identifies
45 13 information pertinent to the performance measures in
45 14 paragraph "a", subparagraphs (3), (4), and (6), that
45 15 the department gains through interviews with
45 16 businesses in the state that close all or a portion of
45 17 operations in the state. By December 15 of each year,
45 18 based on the same interviews, the department shall
45 19 submit a report to the general assembly providing
45 20 suggested amendments to the Code of Iowa and the Iowa
45 21 administrative code designed to stimulate and expand
45 22 the state's economy.

45 23 c. By December 15 of each year the department
45 24 shall submit a report to the grow Iowa review
45 25 commission and the grow Iowa board that identifies
45 26 lost sale reports information pertinent to the
45 27 performance measures in paragraph "a", subparagraphs
45 28 (2) and (5), which indicate that the state has not
45 29 been successful in the performance measures in
45 30 paragraph "a", subparagraphs (2) and (5).

45 31 d. For purposes of the performance measure in
45 32 paragraph "a", subparagraph (7), the department of
45 33 economic development, in consultation with the
45 34 department of workforce development and the auditor of
45 35 state, shall determine an average annual job creation
45 36 and retention rate based on the ten years prior to
45 37 2003. During the fiscal years beginning July 1, 2003,
45 38 July 1, 2004, and July 1, 2005, the department of
45 39 economic development shall report the job creation and
45 40 retention rate of those businesses that receive moneys
45 41 originating from the grow Iowa fund and the job
45 42 creation and retention rate of those businesses that
45 43 do not receive moneys originating from the grow Iowa
45 44 fund. The ten-year average annual job creation and
45 45 retention rate shall be compared to the job creation
45 46 and retention rates determined under this paragraph
45 47 for the fiscal years beginning July 1, 2003, July 1,
45 48 2004, and July 1, 2005. The department of economic
45 49 development shall assist the department of workforce
45 50 development in maintaining detailed employment
46 1 statistics on businesses that receive moneys
46 2 originating from the grow Iowa fund, on businesses
46 3 that do not receive moneys originating from the grow
46 4 Iowa fund, and on industries in Iowa that those
46 5 businesses represent. The auditor of state shall
46 6 audit the reliability and validity of the statistics
46 7 compiled pursuant to this paragraph.

46 8 4. In determining whether the goal of increasing

46 9 the wealth of Iowans has been met, the following
46 10 performance measures shall be considered:
46 11 a. The per capita personal income in Iowa shall
46 12 equal or exceed the average per capita personal income
46 13 for the upper midwest region.
46 14 b. The average earnings per job in Iowa shall
46 15 equal or exceed the average earnings per job in the
46 16 upper midwest region.
46 17 c. The average manufacturing earnings per employee
46 18 in Iowa shall equal or exceed the average
46 19 manufacturing earnings per employee in the upper
46 20 midwest region.
46 21 d. The average service earnings per employee in
46 22 Iowa shall equal or exceed the average service
46 23 earnings per employee in the upper midwest region.
46 24 e. The average earnings per employee in the
46 25 financial, insurance, and real estate industries in
46 26 Iowa shall equal or exceed the average earnings per
46 27 employee in the financial, insurance, and real estate
46 28 industries in the upper midwest region.
46 29 5. In determining whether the goal of increasing
46 30 the population of the state has been met, the
46 31 following performance measures shall be considered:
46 32 a. The net increase in new residents in the state
46 33 gained through attracting new businesses to the state.
46 34 b. The increase in the retention of high school
46 35 graduates and college graduates from private and
46 36 public colleges and universities in the state after
46 37 graduation.
46 38 c. The ability to retain fifty percent of all
46 39 undergraduate graduates of universities under the
46 40 control of the state board of regents in the state
46 41 after graduation.
46 42 d. The net population growth of Iowa equals or
46 43 exceeds the population growth in the upper midwest
46 44 region.

46 45 Sec. 84. NEW SECTION. 15G.107 GROW IOWA FUND.
46 46 A grow Iowa fund is created in the state treasury
46 47 under the control of the grow Iowa board consisting of
46 48 moneys appropriated to the grow Iowa board. Moneys in
46 49 the fund are not subject to section 8.33.
46 50 Notwithstanding section 12C.7, interest or earnings on
47 1 moneys in the fund shall be credited to the fund. The
47 2 fund shall be administered by the grow Iowa board,
47 3 which shall make expenditures from the fund consistent
47 4 with this chapter and pertinent Acts of the general
47 5 assembly.

47 6 Sec. 85. NEW SECTION. 15G.108 ECONOMIC
47 7 DEVELOPMENT MARKETING BOARD == MARKETING STRATEGIES.
47 8 1. a. An economic development marketing board is
47 9 established consisting of seven members and is located
47 10 for administrative purposes within the department.
47 11 The director of the department shall provide office
47 12 space, staff assistance, and necessary supplies and
47 13 equipment for the board. The director shall budget
47 14 moneys to pay the compensation and expenses of the
47 15 board. In performing its functions, the board is
47 16 performing a public function on behalf of the state
47 17 and is a public instrumentality of the state.
47 18 b. The membership of the board shall be as
47 19 follows:
47 20 (1) Three members with significant demonstrated
47 21 experience in marketing or advertising appointed by
47 22 the governor.
47 23 (2) Four members with significant demonstrated
47 24 experience in marketing or advertising appointed by
47 25 the legislative council.
47 26 c. The appointments made by the governor shall
47 27 comply with sections 69.16 and 69.16A and shall be
47 28 subject to confirmation by the senate.
47 29 d. The chairperson and vice chairperson of the
47 30 board shall be elected by and from the board members
47 31 listed in paragraph "b". In case of the absence or
47 32 disability of the chairperson and vice chairperson,
47 33 the members of the board shall elect a temporary
47 34 chairperson by a majority vote of those members who
47 35 are present and voting.
47 36 e. The members shall be appointed to three-year
47 37 staggered terms and the terms shall commence and end
47 38 as provided by section 69.19. If a vacancy occurs, a
47 39 successor shall be appointed to serve the unexpired

47 40 term. A successor shall be appointed in the same
47 41 manner and subject to the same qualifications as the
47 42 original appointment to serve the unexpired term.
47 43 f. A majority of the board constitutes a quorum.
47 44 2. The board shall administer and implement the
47 45 approval process for marketing strategies provided in
47 46 subsection 3.
47 47 3. The economic development marketing board shall
47 48 accept proposals for marketing strategies for purposes
47 49 of selecting a strategy for the department to
47 50 administer. The marketing strategies shall be
48 1 designed to market Iowa as a lifestyle, increase the
48 2 population of the state, increase the wealth of
48 3 Iowans, and expand and stimulate the state economy.
48 4 The economic development marketing board shall submit
48 5 a recommendation regarding the proposal to the grow
48 6 Iowa board. In selecting a marketing strategy for
48 7 recommendation, the economic development marketing
48 8 board shall base the selection on the goals and
48 9 performance measures provided in section 15G.106. The
48 10 grow Iowa board shall either approve or deny the
48 11 recommendation.
48 12 4. The department shall implement and administer
48 13 the marketing strategy approved by the grow Iowa board
48 14 as provided in subsection 3. The department shall
48 15 provide the economic development marketing board with
48 16 assistance in implementing administrative functions of
48 17 the board and provide technical assistance to the
48 18 board.
48 19 5. The members of the board are entitled to
48 20 receive reimbursement for actual expenses incurred
48 21 while engaged in the performance of official duties.
48 22 A board member may also be eligible to receive
48 23 compensation as provided in section 7E.6.

48 24 Sec. 86. NEW SECTION. 15G.109 FUTURE
48 25 CONSIDERATION.

48 26 Not later than February 1, 2007, the legislative
48 27 services agency shall prepare and deliver to the
48 28 secretary of the senate and the chief clerk of the
48 29 house of representatives identical bills that repeal
48 30 the provisions of this chapter. It is the intent of
48 31 this section that the general assembly shall bring the
48 32 bill to a vote in either the senate or the house of
48 33 representatives expeditiously. It is further the
48 34 intent of this chapter that if the bill is approved by
48 35 the first house in which it is considered, it shall
48 36 expeditiously be brought to a vote in the second
48 37 house.

48 38 DIVISION VII

48 39 VALUE=ADDED AGRICULTURAL PRODUCTS AND PROCESSES 48 40 FINANCIAL ASSISTANCE PROGRAM

48 41 Sec. 87. Section 15E.111, subsection 1, Code 2003,
48 42 is amended to read as follows:

48 43 1. a. The department shall establish a value=
48 44 added agricultural products and processes financial
48 45 assistance program. The department shall consult with
48 46 ~~the Iowa corn growers association and the Iowa soybean~~
48 47 ~~association Iowa commodity groups.~~ The purpose of the
48 48 program is to encourage the increased utilization of
48 49 agricultural commodities produced in this state. The
48 50 program shall assist in efforts to revitalize rural
49 1 regions of this state, by committing resources to
49 2 provide financial assistance to new or existing value=
49 3 added production facilities. The department of
49 4 economic development may consult with other state
49 5 agencies regarding any possible future environmental,
49 6 health, or safety issues linked to technology related
49 7 to the biotechnology industry. In awarding financial
49 8 assistance, the department shall prefer producer=
49 9 owned, value-added businesses and public and private
49 10 joint ventures involving an institution of higher
49 11 learning under the control of the state board of
49 12 regents or a private college or university acquiring
49 13 assets, research facilities, and leveraging moneys in
49 14 a manner that meets the goals of the grow Iowa fund
49 15 and shall commit resources to assist the following:

49 16 a. (1) Facilities which are involved in the
49 17 development of new innovative products and processes
49 18 related to agriculture. The facility must do either
49 19 of the following: produce a good derived from an
49 20 agricultural commodity, if the good is not commonly

49 21 produced from an agricultural commodity; or use a
49 22 process to produce a good derived from an agricultural
49 23 process, if the process is not commonly used to
49 24 produce the good.

49 25 ~~b-~~ (2) Renewable fuel production facilities. As
49 26 used in this section, "renewable fuel" means an energy
49 27 source which is derived from an organic compound
49 28 capable of powering machinery, including an engine or
49 29 power plant.

49 30 (3) Agricultural business facilities in the
49 31 agricultural biotechnology industry, agricultural
49 32 biomass industry, and alternative energy industry.

49 33 For purposes of this subsection:

49 34 (a) "Agricultural biomass industry" means
49 35 businesses that utilize agricultural commodity crops,
49 36 agricultural by-products, or animal feedstock in the
49 37 production of chemicals, protein products, or other
49 38 high-value products.

49 39 (b) "Agricultural biotechnology industry" means
49 40 businesses that utilize scientifically enhanced plants
49 41 or animals that can be raised by producers and used in
49 42 the production of high-value products.

49 43 (c) "Alternative energy industry" includes
49 44 businesses involved in the production of ethanol,
49 45 including gasoline with a mixture of seventy percent
49 46 or more ethanol, biodiesel, biomass, hydrogen, or in
49 47 the production of wind energy.

49 48 (4) Facilities that add value to Iowa agricultural
49 49 commodities through further processing and development
49 50 of organic products and emerging markets.

50 1 (5) Producer-owned, value-added businesses,
50 2 education of producers and management boards in value=
50 3 added businesses, and other activities that would
50 4 support the infrastructure in the development of
50 5 value-added agriculture. Public and private joint
50 6 ventures involving an institution of higher learning
50 7 under the control of the state board of regents or a
50 8 private college or university to acquire assets,
50 9 research facilities, and leverage moneys in a manner
50 10 that meets the goals of the grow Iowa fund. For
50 11 purposes of this subsection, "producer-owned, valued=
50 12 added business" means a person who holds an equity
50 13 interest in the agricultural business and is
50 14 personally involved in the production of crops or
50 15 livestock on a regular, continuous, and substantial
50 16 basis.

50 17 b. Financial assistance awarded under this section
50 18 may be in the form of a loan, loan guarantee, grant,
50 19 production incentive payment, or a combination of
50 20 financial assistance. The department shall not award
50 21 more than twenty-five percent of the amount allocated
50 22 to the value-added agricultural products and processes
50 23 financial assistance fund during any fiscal year to
50 24 support a single person. The department may finance
50 25 any size of facility. However, the department ~~shall~~
50 26 may reserve up to fifty percent of the total amount
50 27 allocated to the fund, for purposes of assisting
50 28 persons requiring ~~one~~ five hundred thousand dollars or
50 29 less in financial assistance. The amount shall be
50 30 reserved until the end of the third quarter of the
50 31 fiscal year. The department shall not provide
50 32 financial assistance to support a value-added
50 33 production facility if the facility or a person owning
50 34 a controlling interest in the facility has
50 35 demonstrated a continuous and flagrant disregard for
50 36 the health and safety of its employees or the quality
50 37 of the environment. Evidence of such disregard shall
50 38 include a history of serious or uncorrected violations
50 39 of state or federal law protecting occupational health
50 40 and safety or the environment, including but not
50 41 limited to serious or uncorrected violations of
50 42 occupational safety and health standards enforced by
50 43 the division of labor services of the department of
50 44 workforce development pursuant to chapter 84A, or
50 45 rules enforced by the department of natural resources
50 46 pursuant to chapter 455B or 459, subchapters II and
50 47 III.

50 48 DIVISION VIII
50 49 ENDOW IOWA GRANTS

50 50 Sec. 88. NEW SECTION. 15E.301 SHORT TITLE.

51 1 This division shall be known as and may be cited as

51 2 the "Endow Iowa Program Act".
51 3 Sec. 89. NEW SECTION. 15E.302 PURPOSE.
51 4 The purpose of this division is to enhance the
51 5 quality of life for citizens of this state through
51 6 increased philanthropic activity by providing capital
51 7 to new and existing citizen groups of this state
51 8 organized to establish endowment funds that will
51 9 address community needs. The purpose of this division
51 10 is also to encourage individuals, businesses, and
51 11 organizations to invest in community foundations.
51 12 Sec. 90. NEW SECTION. 15E.303 DEFINITIONS.
51 13 As used in this division, unless the context
51 14 otherwise requires:
51 15 1. "Board" means the governing board of the lead
51 16 philanthropic entity identified by the department
51 17 pursuant to section 15E.304.
51 18 2. "Business" means a business operating within
51 19 the state and includes individuals operating a sole
51 20 proprietorship or having rental, royalty, or farm
51 21 income in this state and includes a consortium of
51 22 businesses.
51 23 3. "Community affiliate organization" means a
51 24 group of five or more community leaders or advocates
51 25 organized for the purpose of increasing philanthropic
51 26 activity in an identified community or geographic area
51 27 in this state with the intention of establishing a
51 28 community affiliate endowment fund.
51 29 4. "Endowment gift" means an irrevocable
51 30 contribution to a permanent endowment held by a
51 31 qualified community foundation.
51 32 5. "Lead philanthropic entity" means the entity
51 33 identified by the department pursuant to section
51 34 15E.304.
51 35 6. "Qualified community foundation" means a
51 36 community foundation organized or operating in this
51 37 state that meets or exceeds the national standards
51 38 established by the national council on foundations.
51 39 Sec. 91. NEW SECTION. 15E.304 ENDOW IOWA GRANTS.
51 40 1. The department shall identify a lead
51 41 philanthropic entity for purposes of encouraging the
51 42 development of qualified community foundations in this
51 43 state. A lead philanthropic entity shall meet all of
51 44 the following qualifications:
51 45 a. The entity shall be a nonprofit entity which is
51 46 exempt from federal income taxation pursuant to
51 47 section 501(c)(3) of the Internal Revenue Code.
51 48 b. The entity shall be a statewide organization
51 49 with membership consisting of organizations, such as
51 50 community, corporate, and private foundations, whose
52 1 principal function is the making of grants within the
52 2 state of Iowa.
52 3 c. The entity shall have a minimum of forty
52 4 members and that membership shall include qualified
52 5 community foundations.
52 6 2. A lead philanthropic entity may receive a grant
52 7 from the department. The board shall use the grant
52 8 moneys to award endow Iowa grants to new and existing
52 9 qualified community foundations and to community
52 10 affiliate organizations that do all of the following:
52 11 a. Provide the board with all information required
52 12 by the board.
52 13 b. Demonstrate a dollar-for-dollar funding match
52 14 in a form approved by the board.
52 15 c. Identify a qualified community foundation to
52 16 hold all funds. A qualified community foundation
52 17 shall not be required to meet this requirement.
52 18 d. Provide a plan to the board demonstrating the
52 19 method for distributing grant moneys received from the
52 20 board to organizations within the community or
52 21 geographic area as defined by the qualified community
52 22 foundation or the community affiliate organization.
52 23 3. Endow Iowa grants awarded to new and existing
52 24 qualified community foundations and to community
52 25 affiliate organizations shall not exceed twenty-five
52 26 thousand dollars per foundation or organization unless
52 27 a foundation or organization demonstrates a multiple
52 28 county or regional approach. Endow Iowa grants may be
52 29 awarded on an annual basis with not more than three
52 30 grants going to one county in a fiscal year.
52 31 4. In ranking applications for grants, the board
52 32 shall consider a variety of factors including the

52 33 following:
52 34 a. The demonstrated need for financial assistance.
52 35 b. The potential for future philanthropic activity
52 36 in the area represented by or being considered for
52 37 assistance.
52 38 c. The proportion of the funding match being
52 39 provided.
52 40 d. For community affiliate organizations, the
52 41 demonstrated need for the creation of a community
52 42 affiliate endowment fund in the applicant's geographic
52 43 area.
52 44 e. The identification of community needs and the
52 45 manner in which additional funding will address those
52 46 needs.
52 47 f. The geographic diversity of awards.
52 48 5. Of any moneys received by a lead philanthropic
52 49 entity from the state, not more than five percent of
52 50 such moneys shall be used by the entity for
53 1 administrative purposes.

53 2 Sec. 92. NEW SECTION. 15E.306 REPORTS == AUDITS.
53 3 By January 31 of each year, the lead philanthropic
53 4 entity, in cooperation with the department, shall
53 5 publish an annual report of the activities conducted
53 6 pursuant to this division during the previous calendar
53 7 year and shall submit the report to the governor and
53 8 the general assembly. The annual report shall include
53 9 a listing of endowment funds and the amount of tax
53 10 credits authorized by the department.
53 11 Sec. 93. EFFECTIVE AND RETROACTIVE APPLICABILITY
53 12 DATES. This division of this Act, being deemed of
53 13 immediate importance, takes effect upon enactment and
53 14 is retroactively applicable to January 1, 2003, for
53 15 tax years beginning on or after that date.

53 16 DIVISION IX

53 17 TECHNOLOGY TRANSFER ADVISORS

53 18 Sec. 94. NEW SECTION. 7.23 TECHNOLOGY TRANSFER
53 19 ADVISOR.
53 20 Two technology transfer advisors shall be appointed
53 21 by the governor, serve at the pleasure of the
53 22 governor, and be located at offices at the university
53 23 of Iowa and Iowa state university of science and
53 24 technology. A technology transfer advisor is not a
53 25 state agency and is not subject to chapter 17A. A
53 26 technology transfer advisor shall do all of the
53 27 following:

53 28 1. Facilitate the transfer of technology developed
53 29 at the university of Iowa, the university of northern
53 30 Iowa, Iowa state university of science and technology,
53 31 community colleges, and private colleges and
53 32 universities.

53 33 2. Coordinate the technology transfer activities
53 34 at each of the public and private universities to
53 35 encourage the implementation of best practices in
53 36 technology transfer, establish measures of
53 37 performance, and design programs of continuous quality
53 38 improvement for each technology transfer office.

53 39 3. Establish technology transfer goals for the
53 40 state.

53 41 4. Provide technical assistance to Iowa-based
53 42 entrepreneurs associated with or unrelated to the
53 43 universities under the control of the state board of
53 44 regents regarding technology transfer-related issues.
53 45 The technical assistance shall include assistance in
53 46 the areas of patents and licensing, business
53 47 development and management, finance, production,
53 48 sales, and marketing.

53 49 5. Receive the technology transfer-related report
53 50 submitted by the state board of regents pursuant to
54 1 section 262.9, subsection 31.

54 2 6. To ensure economic growth, serve as a
54 3 coordinator between Iowa-based businesses and
54 4 businesses intending to locate in Iowa.

54 5 Sec. 95. Section 15.108, Code 2003, is amended by
54 6 adding the following new subsection:

54 7 NEW SUBSECTION. 12. TECHNOLOGY TRANSFER ADVISORS.
54 8 The department shall cooperate with and provide
54 9 staffing support to the technology transfer advisors
54 10 appointed pursuant to section 7.23.

54 11 Sec. 96. Section 262.9, Code 2003, is amended by
54 12 adding the following new subsections:

54 13 NEW SUBSECTION. 29. Actively encourage and

54 14 promote the transfer of technology and research at
54 15 universities under the control of the board to
54 16 commercial application, including the start-up of
54 17 business entities.
54 18 NEW SUBSECTION. 30. Give preference and technical
54 19 support to those faculty members and staff members
54 20 desiring to obtain licenses for intellectual property
54 21 rights created in whole or in part by the faculty
54 22 member or staff member. However, such preference
54 23 shall not be construed to be a right accruing to that
54 24 faculty member or staff member.
54 25 NEW SUBSECTION. 31. By January 15 of each year,
54 26 submit a report to the governor, through the
54 27 technology transfer advisors, and the general assembly
54 28 containing information from the previous calendar year
54 29 regarding all of the following:
54 30 a. Patents secured or applied for by each
54 31 university under the control of the board delineated
54 32 by university and by faculty member and staff member
54 33 responsible for the research or activity that resulted
54 34 in the patent. In the initial report filed by January
54 35 15, 2004, the board shall include an inventory of
54 36 patent portfolios with details concerning which
54 37 patents are creating financial benefit and the amount
54 38 of financial benefit and which patents are not
54 39 creating financial benefit and the amount invested in
54 40 those patents.
54 41 b. Research grants secured by each university
54 42 under the control of the board from both public and
54 43 private sources delineated by university and by
54 44 faculty member and staff member. The board shall also
54 45 include the same information for grant applications
54 46 that are denied.
54 47 c. The number of faculty members and staff members
54 48 at each university under the control of the board
54 49 involved in a start-up company.
54 50 d. The number of grant applications for research
55 1 received by each university under the control of the
55 2 board for start-up companies, the number of
55 3 applications approved, and the number of applications
55 4 denied.
55 5 e. The number of agreements entered into by
55 6 faculty members and staff members at each university
55 7 under the control of the board with foundations
55 8 affiliated with the universities relating to business
55 9 start-ups.
55 10 f. An accounting of the financial gain received by
55 11 each university under the control of the board
55 12 relating to patents sold, royalties received,
55 13 licensing fees, and any other remuneration received by
55 14 the university related to technology transfer.
55 15 g. The number of professional employees at each
55 16 university under the control of the board who assist
55 17 in the transfer of technology and research to
55 18 commercial application.

55 19 DIVISION X
55 20 IOWA ECONOMIC DEVELOPMENT
55 21 LOAN AND CREDIT GUARANTEE FUND

55 22 Sec. 97. NEW SECTION. 15E.221 SHORT TITLE.
55 23 This division shall be known and may be cited as
55 24 the "Iowa Economic Development Loan and Credit
55 25 Guarantee Fund Act".

55 26 Sec. 98. NEW SECTION. 15E.222 LEGISLATIVE
55 27 FINDING == PURPOSES.

55 28 1. The general assembly finds all of the
55 29 following:
55 30 a. That small and medium-sized businesses, in
55 31 general, and certain targeted industry businesses and
55 32 other qualified businesses, in particular, may not
55 33 qualify for conventional financing.
55 34 b. That the limited availability of credit for
55 35 export transactions limits the ability of small and
55 36 medium-sized businesses in this state to compete in
55 37 international markets.
55 38 c. That, to enhance competitiveness and foster
55 39 economic development, this state must focus on growth
55 40 in certain specific targeted industry businesses and
55 41 other qualified businesses, especially during a time
55 42 of war.
55 43 d. That the challenge for the public economic
55 44 sector is to create an atmosphere conducive to

55 45 economic growth, in conjunction with financial
55 46 institutions in the private sector, which fill the
55 47 gaps in credit availability and export finance, and
55 48 that allow the private sector to identify the lending
55 49 opportunities and foster decision making at the local
55 50 level.

56 1 2. The general assembly declares the purposes of
56 2 this division to be all of the following:

56 3 a. To create incentives and assistance to increase
56 4 the flow of private capital to targeted industry
56 5 businesses and other qualified businesses.

56 6 b. To promote industrial modernization and
56 7 technology adoption.

56 8 c. To encourage the retention and creation of
56 9 jobs.

56 10 d. To encourage the export of goods and services
56 11 sold by Iowa businesses in national and international
56 12 markets.

56 13 Sec. 99. NEW SECTION. 15E.223 DEFINITIONS.

56 14 As used in this division, unless the context
56 15 otherwise requires:

56 16 1. "Financial institution" means an institution
56 17 listed in section 422.61, subsection 1, or such other
56 18 financial institution as defined by the department for
56 19 purposes of this division.

56 20 2. "Program" means the loan and credit guarantee
56 21 program established in this division.

56 22 3. "Qualified business" means an existing or
56 23 proposed business entity with an annual average number
56 24 of employees not exceeding two hundred employees.

56 25 "Qualified business" does not include businesses
56 26 engaged primarily in retail sales, real estate, or the
56 27 provision of health care or other professional
56 28 services. "Qualified business" includes professional
56 29 services businesses that provide services to targeted
56 30 industry businesses or other entities within and
56 31 outside of this state.

56 32 4. "Targeted industry business" means an existing
56 33 or proposed business entity, including an emerging
56 34 small business or qualified business which is operated
56 35 for profit and which has a primary business purpose of
56 36 doing business in at least one of the targeted
56 37 industries designated by the department which include
56 38 life sciences, software and information technology,
56 39 advanced manufacturing, value-added agriculture, and
56 40 any other industry designated as a targeted industry
56 41 by the loan and credit guarantee advisory board.

56 42 Sec. 100. NEW SECTION. 15E.224 LOAN AND CREDIT
56 43 GUARANTEE PROGRAM.

56 44 1. The department shall, with the advice of the
56 45 loan and credit guarantee advisory board, establish
56 46 and administer a loan and credit guarantee program.
56 47 The department, pursuant to agreements with financial
56 48 institutions, shall provide loan and credit
56 49 guarantees, or other forms of credit guarantees for
56 50 qualified businesses and targeted industry businesses
57 1 for eligible project costs. A loan or credit
57 2 guarantee provided under the program may stand alone
57 3 or may be used in conjunction with or to enhance other
57 4 loans or credit guarantees, offered by private, state,
57 5 or federal entities. However, the department shall
57 6 not in any manner directly or indirectly pledge the
57 7 credit of the state. Eligible project costs include
57 8 expenditures for productive equipment and machinery,
57 9 working capital for operations and export
57 10 transactions, research and development, marketing, and
57 11 such other costs as the department may so designate.

57 12 2. A loan or credit guarantee or other form of
57 13 credit guarantee provided under the program to a
57 14 participating financial institution for a single
57 15 qualified business or targeted industry business shall
57 16 not exceed one million dollars in value. Loan or
57 17 credit guarantees or other forms of credit guarantees
57 18 provided under the program to more than one
57 19 participating financial institution for a single
57 20 qualified business or targeted industry business shall
57 21 not exceed ten million dollars in value.

57 22 3. In administering the program, the department
57 23 shall consult and cooperate with financial
57 24 institutions in this state and with the loan and
57 25 credit guarantee advisory board. Administrative

57 26 procedures and application procedures, as practicable,
57 27 shall be responsive to the needs of qualified
57 28 businesses, targeted industry businesses, and
57 29 financial institutions, and shall be consistent with
57 30 prudent investment and lending practices and criteria.

57 31 4. Each participating financial institution shall
57 32 identify and underwrite potential lending
57 33 opportunities with qualified businesses and targeted
57 34 industry businesses. Upon a determination by a
57 35 participating financial institution that a qualified
57 36 business or targeted industry business meets the
57 37 underwriting standards of the financial institution,
57 38 subject to the approval of a loan or credit guarantee,
57 39 the financial institution shall submit the
57 40 underwriting information and a loan or credit
57 41 guarantee application to the department.

57 42 5. The department, with the advice of the loan and
57 43 credit guarantee advisory board, shall adopt a loan or
57 44 credit guarantee application procedure for a financial
57 45 institution on behalf of a qualified business or
57 46 targeted industry business.

57 47 6. Upon approval of a loan or credit guarantee,
57 48 the department shall enter into a loan or credit
57 49 guarantee agreement with the participating financial
57 50 institution. The agreement shall specify all of the

58 1 following:

58 2 a. The fee to be charged to the financial
58 3 institution.

58 4 b. The evidence of debt assurance of, and security
58 5 for, the loan or credit guarantee.

58 6 c. A loan or credit guarantee that does not exceed
58 7 fifteen years.

58 8 d. Any other terms and conditions considered
58 9 necessary or desirable by the department.

58 10 7. The department, with the advice of the loan and
58 11 credit guarantee advisory board, may adopt loan and
58 12 credit guarantee application procedures that allow a
58 13 qualified business or targeted industry business to
58 14 apply directly to the department for a preliminary
58 15 guarantee commitment. A preliminary guarantee
58 16 commitment may be issued by the department subject to
58 17 the qualified business or targeted industry business
58 18 securing a commitment for financing from a financial
58 19 institution. The application procedures shall specify
58 20 the process by which a financial institution may
58 21 obtain a final loan and credit guarantee.

58 22 Sec. 101. NEW SECTION. 15E.225 TERMS == FEES.

58 23 1. When entering into a loan or credit guarantee
58 24 agreement, the department, with the advice of the loan
58 25 and credit guarantee advisory board, shall establish
58 26 fees and other terms for participation in the program
58 27 by qualified businesses and targeted industry
58 28 businesses.

58 29 2. The department, with due regard for the
58 30 possibility of losses and administrative costs and
58 31 with the advice of the loan and credit guarantee
58 32 advisory board, shall set fees and other terms at
58 33 levels sufficient to assure that the program is self=
58 34 financing.

58 35 3. For a preliminary guarantee commitment, the
58 36 department may charge a qualified business or targeted
58 37 industry business a preliminary guarantee commitment
58 38 fee. The application fee shall be in addition to any
58 39 other fees charged by the department under this
58 40 section and shall not exceed one thousand dollars for
58 41 an application.

58 42 Sec. 102. NEW SECTION. 15E.226 LOAN AND CREDIT
58 43 GUARANTEE ADVISORY BOARD.

58 44 The department, in consultation with the
58 45 superintendent of banking, shall establish a loan and
58 46 credit guarantee advisory board. The advisory board
58 47 shall provide the department with technical advice
58 48 regarding the administration of the program, including
58 49 the adoption of administrative rules pursuant to
58 50 chapter 17A. The advisory board shall review and
59 1 provide recommendations regarding all applications
59 2 under the program. Members of the advisory board are
59 3 entitled to receive reimbursement for actual expenses
59 4 incurred while engaged in the performance of official
59 5 duties. Advisory board members may also be eligible
59 6 to receive compensation as provided in section 7E.6.

59 7 The director of the department shall budget moneys to
59 8 pay the compensation and expenses of the advisory
59 9 board. The provisions of this section relating to the
59 10 adoption of administrative rules shall be construed
59 11 narrowly.

59 12 DIVISION XI

59 13 ECONOMIC DEVELOPMENT ASSISTANCE AND DATA COLLECTION
59 14 Sec. 103. NEW SECTION. 15E.118 BUSINESS START=UP
59 15 INFORMATION == INTERNET WEB SITE.

59 16 The department shall provide information through an
59 17 internet web site and a toll-free telephone service to
59 18 assist persons interested in establishing a commercial
59 19 facility or engaging in a commercial activity. The
59 20 information shall include all of the following:

- 59 21 1. Assistance, information, and guidance for
59 22 start-up businesses.
- 59 23 2. Information gathered by the department pursuant
59 24 to section 15E.17, subsection 2.
- 59 25 3. Personal and corporate income tax information.
- 59 26 4. Information regarding financial assistance and
59 27 incentives available to businesses.
- 59 28 5. Workforce availability in the state presented
59 29 in a regional format.

59 30 Sec. 104. NEW SECTION. 15E.119 ECONOMIC
59 31 DEVELOPMENT=RELATED DATA COLLECTION.

59 32 1. The department shall interview any business
59 33 that considered locating in Iowa but decided to locate
59 34 elsewhere. The department shall attempt to determine
59 35 factors that affected the location decision of the
59 36 business.

59 37 2. The department shall interview any business
59 38 that closes major operations in the state or dissolves
59 39 the business's corporate status in an effort to
59 40 identify factors that led to the closure or
59 41 dissolution.

59 42 3. By January 15 of each year, the department
59 43 shall submit a written report to the general assembly
59 44 that summarizes the information collected pursuant to
59 45 this section and provides suggested amendments to the
59 46 Code of Iowa and the Iowa administrative code designed
59 47 to stimulate and expand the state's economy.

59 48 Sec. 105. INTERNET WEB SITE DEVELOPMENT. In
59 49 developing the internet web site required in section
59 50 15E.118, the department of economic development shall
60 1 examine similar efforts in other states and
60 2 incorporate the best practices.

60 3 DIVISION XII

60 4 CULTURAL AND ENTERTAINMENT DISTRICTS
60 5 Sec. 106. NEW SECTION. 303.3B CULTURAL AND
60 6 ENTERTAINMENT DISTRICTS.

60 7 1. The department of cultural affairs shall
60 8 establish and administer a cultural and entertainment
60 9 district certification program. The program shall
60 10 encourage the growth of communities through the
60 11 development of areas within a city or county for
60 12 public and private uses related to cultural and
60 13 entertainment purposes.

60 14 2. A city or county may create and designate a
60 15 cultural and entertainment district subject to
60 16 certification by the department of cultural affairs,
60 17 in consultation with the department of economic
60 18 development. A cultural and entertainment district
60 19 shall consist of a geographic area not exceeding one
60 20 square mile in size. A cultural and entertainment
60 21 district certification shall remain in effect for ten
60 22 years following the date of certification. Two or
60 23 more cities or counties may apply jointly for
60 24 certification of a district that extends across a
60 25 common boundary. Through the adoption of
60 26 administrative rules, the department of cultural
60 27 affairs shall develop a certification application for
60 28 use in the certification process. The provisions of
60 29 this subsection relating to the adoption of
60 30 administrative rules shall be construed narrowly.

60 31 3. The department of cultural affairs shall
60 32 encourage development projects and activities located
60 33 in certified cultural and entertainment districts
60 34 through incentives under cultural grant programs
60 35 pursuant to section 303.3, chapter 303A, and any other
60 36 grant programs.

60 37 DIVISION XIII

WORKFORCE ISSUES

60 38
60 39 Sec. 107. NEW SECTION. 15A.10 JOB RETENTION ==
60 40 INCENTIVES.

60 41 1. In order to assure the retention of existing
60 42 jobs that would otherwise be lost, the director of the
60 43 department of economic development may authorize
60 44 incentives and assistance provided to a business under
60 45 this section for a period not to exceed ten years upon
60 46 finding the following:

60 47 a. The business currently employing, at one place
60 48 of business, at least one thousand employees is likely
60 49 to close or substantially reduce employment.

60 50 b. The business agrees to remain in the state for
61 1 at least ten years and invest at least fifteen million
61 2 dollars to retool or upgrade facilities.

61 3 2. Incentives and assistance that may be
61 4 authorized by the director include any of the
61 5 following:

61 6 a. New jobs credit from withholding, as provided
61 7 in section 15.331.

61 8 b. Sales, services, and use tax refund, as
61 9 provided in section 15.331A.

61 10 c. Investment tax credit, as provided in section
61 11 15.333.

61 12 d. Research activities tax credit, as provided in
61 13 section 15.335.

61 14 3. A business shall enter into an agreement with
61 15 the department and the city or county specifying the
61 16 terms and conditions that must be met in exchange for
61 17 the incentives and assistance authorized in this
61 18 section. The agreement shall specify how the
61 19 incentives will be repaid in the event the business
61 20 fails to meet or maintain the terms and conditions of
61 21 the agreement.

DIVISION XIV

61 22
61 23 UNIVERSITY=BASED RESEARCH UTILIZATION PROGRAM
61 24 Sec. 108. NEW SECTION. 262B.11 UNIVERSITY=BASED
61 25 RESEARCH UTILIZATION PROGRAM.

61 26 1. The department of economic development shall
61 27 establish and administer a university-based research
61 28 utilization program for purposes of encouraging the
61 29 utilization of university-based research, primarily in
61 30 the area of high technology, in new or existing
61 31 businesses. The program shall include the three
61 32 universities under the control of the state board of
61 33 regents and all accredited private universities
61 34 located in the state.

61 35 2. A new or existing business that utilizes a
61 36 technology developed by an employee at a university
61 37 under the control of the state board of regents may
61 38 apply to the department of economic development for
61 39 approval to participate in the university-based
61 40 research utilization program. The department shall
61 41 approve an applicant if the applicant meets all of the
61 42 following criteria:

61 43 a. The applicant utilizes a technology developed
61 44 by an employee at a university under the control of
61 45 the state board of regents, provided that the
61 46 technology has received a patent after the effective
61 47 date of this Act. If the applicant has been in
61 48 existence more than one year prior to applying, the
61 49 applicant shall organize a separate company to utilize
61 50 the technology. For purposes of this section, the
62 1 separate company shall be considered the applicant
62 2 and, if approved, the approved business.

62 3 b. The applicant develops a five-year business
62 4 plan approved by the department. The plan shall
62 5 include information concerning the applicant's Iowa
62 6 employment goals and projected impact on the Iowa
62 7 economy. The department shall only approve plans
62 8 showing sufficient potential impact on Iowa employment
62 9 and economic development.

62 10 c. The applicant meets a minimum-size business
62 11 standard determined by the department.

62 12 d. The applicant provides annual reports to the
62 13 department that include employment statistics for the
62 14 applicant and the total taxable wages paid to Iowa
62 15 employees and reported to the department of revenue
62 16 and finance pursuant to section 422.16.

62 17 3. A business approved under the program and the
62 18 university employee responsible for the development of

62 19 the technology utilized by the approved business shall
62 20 be eligible for a tax credit. The credit shall be
62 21 allowed against the taxes imposed in chapter 422,
62 22 divisions II and III. An individual may claim a tax
62 23 credit under this section of a partnership, limited
62 24 liability company, S corporation, estate, or trust
62 25 electing to have income taxed directly to the
62 26 individual. The amount claimed by the individual
62 27 shall be based upon the pro rata share of the
62 28 individual's earnings from the partnership, limited
62 29 liability company, S corporation, estate, or trust. A
62 30 tax credit shall not be claimed under this subsection
62 31 unless a tax credit certificate issued by the
62 32 department of economic development is attached to the
62 33 taxpayer's tax return for the tax year for which the
62 34 tax credit is claimed. The amount of a tax credit
62 35 allowed under this subsection shall equal the amount
62 36 listed on a tax credit certificate issued by the
62 37 department of economic development pursuant to
62 38 subsection 4. A tax credit certificate shall not be
62 39 transferable. Any tax credit in excess of the
62 40 taxpayer's liability for the tax year may be credited
62 41 to the taxpayer's tax liability for the following five
62 42 years or until depleted, whichever occurs first. A
62 43 tax credit shall not be carried back to a tax year
62 44 prior to the tax year in which the taxpayer redeems
62 45 the tax credit.

62 46 4. For the five tax years following the tax year
62 47 in which a business is approved under the program, the
62 48 department of revenue and finance shall provide the
62 49 department of economic development with information
62 50 required by the department of economic development
63 1 from each tax return filed by the approved business.
63 2 Upon receiving the tax return-related information, the
63 3 department of economic development shall do all of the
63 4 following:

63 5 a. Review the information provided by the
63 6 department of revenue and finance pursuant to this
63 7 subsection and the annual report submitted by the
63 8 applicant pursuant to subsection 2, paragraph "d". If
63 9 the department determines that the business activities
63 10 of the applicant are not providing the benefits to
63 11 Iowa employment and economic development projected in
63 12 the applicant's approved five-year business plan, the
63 13 department shall not issue tax credit certificates for
63 14 that year to the applicant or university employee and
63 15 shall determine any related university share to be
63 16 equal to zero for that year.

63 17 b. Effective for the fiscal year beginning July 1,
63 18 2004, and for subsequent fiscal years, issue a tax
63 19 credit certificate to the approved business and the
63 20 university employee responsible for the development of
63 21 the technology utilized by the approved business in an
63 22 amount determined pursuant to subsection 5. A tax
63 23 credit certificate shall contain the taxpayer's name,
63 24 address, tax identification number, the amount of the
63 25 tax credit, and other information required by the
63 26 department of revenue and finance.

63 27 c. (1) Determine the university share which is
63 28 equal to the value of thirty percent of the tax
63 29 liability of the approved business for purposes of
63 30 making an appropriation pursuant to section 262B.12,
63 31 if enacted by 2003 Iowa Acts, House File 683 or
63 32 another Act, to the university where the technology
63 33 utilized by the approved business was developed. A
63 34 university share shall not exceed two hundred twenty=
63 35 five thousand dollars per year per technology
63 36 utilized. For each technology utilized, the aggregate
63 37 university share over a five-year period shall not
63 38 exceed six hundred thousand dollars.

63 39 (2) The department shall maintain records for each
63 40 university during each fiscal year regarding the
63 41 university share each university is entitled to
63 42 receive through the appropriation in section 262B.12,
63 43 if enacted by 2003 Iowa Acts, House File 683 or
63 44 another Act. A university shall be entitled to
63 45 receive the total university share for that particular
63 46 university during the previous fiscal year.

63 47 d. For the fiscal year beginning July 1, 2004, not
63 48 more than two million dollars worth of certificates
63 49 shall be issued pursuant to paragraph "b". For the

63 50 fiscal year beginning July 1, 2005, and every fiscal
64 1 year thereafter, not more than ten million dollars
64 2 worth of certificates shall be issued pursuant to
64 3 paragraph "b".

64 4 5. The tax credit certificates issued by the
64 5 department for each of the five years following the
64 6 tax year in which the business is approved under the
64 7 program shall be for the following amounts:

64 8 a. For the approved business, the value of the tax
64 9 credit certificate shall equal thirty percent of the
64 10 tax liability of the approved business. The value of
64 11 a certificate issued to an approved business shall not
64 12 exceed two hundred twenty-five thousand dollars. The
64 13 total aggregate value of certificates issued over a
64 14 five-year period to an approved business shall not
64 15 exceed six hundred thousand dollars.

64 16 b. For the university employee responsible for the
64 17 development of the technology utilized by the approved
64 18 business, the value of the tax credit certificate
64 19 shall equal ten percent of the tax liability of the
64 20 approved business. If more than one employee is
64 21 responsible for the development of the technology, the
64 22 value equal to ten percent of the tax liability of the
64 23 approved business shall be divided equally and
64 24 individual tax credit certificates shall be issued to
64 25 each employee responsible for the development of the
64 26 technology. Each year, the total value of a
64 27 certificate or certificates issued for a utilized
64 28 technology shall not exceed seventy-five thousand
64 29 dollars. For each technology utilized, the total
64 30 aggregate value of certificates issued over a five=
64 31 year period to the university employee responsible for
64 32 the development of the technology shall not exceed two
64 33 hundred thousand dollars.

64 34 6. The department of economic development shall
64 35 notify the department of revenue and finance when a
64 36 tax credit certificate is issued pursuant to
64 37 subsection 4. The notification shall include the name
64 38 and tax identification number appearing on any tax
64 39 credit certificate.

64 40 Sec. 109. NEW SECTION. 422.11H UNIVERSITY-BASED
64 41 RESEARCH UTILIZATION PROGRAM TAX CREDIT.

64 42 The taxes imposed under this division, less the
64 43 credits allowed under sections 422.12 and 422.12B,
64 44 shall be reduced by a university-based research
64 45 utilization program tax credit authorized pursuant to
64 46 section 262B.11.

64 47 Sec. 110. Section 422.33, Code 2003, is amended by
64 48 adding the following new subsection:

64 49 NEW SUBSECTION. 14. The taxes imposed under this
64 50 division shall be reduced by a university-based
65 1 research utilization program tax credit authorized
65 2 pursuant to section 262B.11.

65 3 DIVISION XV
65 4 FUTURE REPEAL

65 5 Sec. 111. The divisions of this Act designated the
65 6 grow Iowa board and fund, the value-added agricultural
65 7 products and processes financial assistance program,
65 8 the endow Iowa grants, the technology transfer
65 9 advisors, the Iowa economic development loan and
65 10 credit guarantee fund, the economic development
65 11 assistance and data collection, the cultural and
65 12 entertainment districts, the workforce issues, and the
65 13 university-based research utilization program, are
65 14 repealed effective June 30, 2010.

65 15 DIVISION XVI
65 16 LIABILITY REFORM

65 17 Sec. 112. Section 668.12, Code 2003, is amended to
65 18 read as follows:

65 19 668.12 LIABILITY FOR PRODUCTS == ~~STATE OF THE ART~~
65 20 ~~DEFENSE DEFENSES~~.

65 21 1. In any action brought pursuant to this chapter
65 22 against an assembler, designer, supplier of
65 23 specifications, distributor, manufacturer, or seller
65 24 for damages arising from an alleged defect in the
65 25 design, testing, manufacturing, formulation,
65 26 packaging, warning, or labeling of a product, a
65 27 percentage of fault shall not be assigned to such
65 28 persons if they plead and prove that the product
65 29 conformed to the state of the art in existence at the
65 30 time the product was designed, tested, manufactured,

65 31 formulated, packaged, provided with a warning, or
65 32 labeled.
65 33 2. Nothing contained in this section subsection 1
65 34 shall diminish the duty of an assembler, designer,
65 35 supplier of specifications, distributor, manufacturer
65 36 or seller to warn concerning subsequently acquired
65 37 knowledge of a defect or dangerous condition that
65 38 would render the product unreasonably dangerous for
65 39 its foreseeable use or diminish the liability for
65 40 failure to so warn.

65 41 3. An assembler, designer, supplier of
65 42 specifications, distributor, manufacturer, or seller
65 43 shall not be subject to liability under a theory of
65 44 civil conspiracy unless the person knowingly and
65 45 voluntarily entered into an agreement, express or
65 46 implied, to participate in a common plan with the
65 47 intent to commit a tortious act upon another. Mere
65 48 membership in a trade or industrial association or
65 49 group is not, in and of itself, evidence of such an
65 50 agreement.

66 1 Sec. 113. Section 668A.1, subsection 1, Code 2003,
66 2 is amended to read as follows:

66 3 1. In a trial of a claim involving the request for
66 4 punitive or exemplary damages, the court shall
66 5 instruct the jury to answer special interrogatories
66 6 or, if there is no jury, shall make findings,
66 7 indicating all of the following:

66 8 a. ~~Whether, by a preponderance of clear,~~
66 9 ~~convincing, and satisfactory evidence, the conduct of~~
66 10 ~~the defendant from which the claim arose constituted~~
66 11 ~~willful and wanton disregard for the rights or safety~~
66 12 ~~of another.~~

66 13 b. Whether the conduct of the defendant was
66 14 directed specifically at the claimant, or at the
66 15 person from which the claimant's claim is derived.

66 16 b. Whether, by a preponderance of clear and
66 17 convincing evidence, the conduct of the defendant from
66 18 which the claim arose constituted actual malice.

66 19 Sec. 114. NEW SECTION. 668A.2 DEFINITIONS.

66 20 As used in this chapter, the following terms shall
66 21 have the following meanings:

66 22 1. "Clear and convincing evidence" means evidence
66 23 which leaves no serious or substantial doubt about the
66 24 correctness of the conclusions drawn from the
66 25 evidence. It is more than a preponderance of
66 26 evidence, but less than beyond a reasonable doubt.

66 27 2. "Malice" means either conduct which is
66 28 specifically intended by the defendant to cause
66 29 tangible or intangible serious injury to the plaintiff
66 30 or conduct that is carried out by the defendant both
66 31 with a flagrant indifference to the rights of the
66 32 plaintiff and with a subjective awareness that such
66 33 conduct will result in tangible serious injury.

66 34 Sec. 115. NEW SECTION. 668A.3 AWARD OF PUNITIVE
66 35 OR EXEMPLARY DAMAGES == PROOF == STANDARD.

66 36 Punitive or exemplary damages shall only be awarded
66 37 where the plaintiff proves by clear and convincing
66 38 evidence that the plaintiff's harm was the result of
66 39 actual malice. This burden of proof shall not be
66 40 satisfied by proof of any degree of negligence,
66 41 including gross negligence.

66 42 Sec. 116. APPLICABILITY. This division of this
66 43 Act, relating to liability reform, applies to cases
66 44 filed on or after July 1, 2003.

66 45 DIVISION XVII

66 46 WORKERS' COMPENSATION

66 47 Sec. 117. Section 85.34, subsection 2, unnumbered
66 48 paragraph 1, Code 2003, is amended to read as follows:

66 49 Compensation for permanent partial disability shall
66 50 begin at the termination of the healing period

67 1 provided in subsection 1. The compensation shall be
67 2 in addition to the benefits provided by sections 85.27
67 3 and 85.28. The compensation shall be based only upon
67 4 the extent of the disability related to the injury
67 5 received and upon the basis of eighty percent per week

67 6 of the employee's average spendable weekly earnings,
67 7 but not more than a weekly benefit amount, rounded to
67 8 the nearest dollar, equal to one hundred eighty-four
67 9 percent of the statewide average weekly wage paid
67 10 employees as determined by the department of workforce
67 11 development under section 96.19, subsection 36, and in

67 12 effect at the time of the injury. The minimum weekly
67 13 benefit amount shall be equal to the weekly benefit
67 14 amount of a person whose gross weekly earnings are
67 15 thirty-five percent of the statewide average weekly
67 16 wage. For all cases of permanent partial disability
67 17 compensation shall be paid as follows:

67 18 Sec. 118. Section 85.34, subsection 2, paragraph
67 19 u, Code 2003, is amended by adding the following new
67 20 unnumbered paragraph after unnumbered paragraph 2 as
67 21 follows:

67 22 NEW UNNUMBERED PARAGRAPH. When an employee makes a
67 23 claim for benefits under this subsection, the employer
67 24 is not liable for that portion of the employee's
67 25 present disability caused by a prior work-related
67 26 injury or illness that was sustained by the employee
67 27 while the employee was employed by a different
67 28 employer. When an employee's present disability
67 29 includes disability caused by a prior work-related
67 30 injury or illness that was sustained by the employee
67 31 while in the employ of the same employer, the employer
67 32 is liable for compensating all of the employee's work-
67 33 related disability sustained by the employee while in
67 34 the employ of the employer, except that any portion of
67 35 the disability that was previously compensated by the
67 36 employer shall be deducted from the employer's
67 37 obligation to pay benefits for the employee's present
67 38 disability. If an employee's present disability is
67 39 reduced by a portion of disability sustained from
67 40 prior work-related injuries or illnesses for which the
67 41 employee has already been compensated by the same
67 42 employer, then the employee shall receive compensation
67 43 for the remaining disability caused by the present
67 44 work-related injury or illness plus an additional ten
67 45 percent of the amount of the increase in disability.

67 46 Sec. 119. APPLICABILITY. This division of this
67 47 Act, relating to workers' compensation, applies to an
67 48 injury occurring on or after July 1, 2003.

67 49 DIVISION XVIII
67 50 FINANCIAL SERVICES

68 1 Sec. 120. Section 537.2502, subsections 3 and 6,
68 2 Code 2003, are amended to read as follows:

68 3 3. A delinquency charge shall not be collected
68 4 under subsection 1, paragraph "a", on an installment
68 5 ~~which that~~ is paid in full within ten days after its
68 6 scheduled or deferred installment due date even though
68 7 an earlier maturing installment or a delinquency or
68 8 deferral charge on an earlier installment may not have
68 9 been paid in full. For purposes of this subsection,
68 10 payments associated with a precomputed transaction are
68 11 applied first to current installments and then to
68 12 delinquent installments.

68 13 6. A delinquency charge shall not be collected
68 14 under subsection 4 on a payment ~~which associated with~~
68 15 a precomputed transaction that is paid in full on or
68 16 before its scheduled or deferred due date even though
68 17 an earlier maturing payment or a delinquency or
68 18 deferred charge on an earlier payment has not been
68 19 paid in full. For purposes of this subsection,
68 20 payments are applied first to amounts due for the
68 21 current billing cycle and then to delinquent payments.

68 22 Sec. 121. Section 537.2601, subsection 1, Code
68 23 2003, is amended to read as follows:

68 24 1. ~~Except as provided in subsection 2, with With~~
68 25 respect to a credit transaction other than a consumer
68 26 credit transaction, the parties may contract for the
68 27 payment by the debtor of any finance or other charge
68 28 as permitted by law. ~~Except with respect to debt~~
68 29 ~~obligations issued by a government, governmental~~
68 30 ~~agency or instrumentality, in calculating any finance~~
68 31 ~~charge contracted for, any month may be counted as~~
68 32 ~~one-twelfth of a year, but a day is to be counted as~~
68 33 ~~one three-hundred sixty-fifth of a year.~~

68 34 DIVISION XIX
68 35 UNEMPLOYMENT COMPENSATION SURCHARGE

68 36 Sec. 122. Section 96.7, subsection 12, paragraph
68 37 a, Code 2003, is amended to read as follows:

68 38 a. An employer other than a governmental entity or
68 39 a nonprofit organization, subject to this chapter,
68 40 shall pay an administrative contribution surcharge
68 41 equal in amount to one-tenth of one percent of federal
68 42 taxable wages, as defined in section 96.19, subsection

68 43 37, paragraph "b", subject to the surcharge formula to
68 44 be developed by the department under this paragraph.
68 45 The department shall develop a surcharge formula that
68 46 provides a target revenue level of no greater than six
68 47 million five hundred twenty-five thousand dollars
68 48 ~~annually for calendar years 2003, 2004, and 2005 and a~~
68 49 ~~target revenue level of no greater than three million~~
68 50 ~~two hundred sixty-two thousand five hundred dollars~~
69 1 ~~for calendar year 2006 and each subsequent calendar~~
69 2 ~~year.~~ The department shall reduce the administrative
69 3 contribution surcharge established for any calendar
69 4 year proportionate to any federal government funding
69 5 that provides an increased allocation of moneys for
69 6 workforce development offices, under the federal
69 7 employment services financing reform legislation. Any
69 8 administrative contribution surcharge revenue that is
69 9 collected in calendar year ~~2002~~ 2003, 2004, or 2005 in
69 10 excess of six million five hundred twenty-five
69 11 thousand dollars ~~or in calendar year 2006 or a~~
69 12 ~~subsequent calendar year in excess of three million~~
69 13 ~~two hundred sixty-two thousand five hundred dollars~~
69 14 shall be deducted from the amount to be collected in
69 15 ~~the subsequent~~ calendar year 2003 before the
69 16 department establishes the administrative contribution
69 17 surcharge. The department shall recompute the amount
69 18 as a percentage of taxable wages, as defined in
69 19 section 96.19, subsection 37, and shall add the
69 20 percentage surcharge to the employer's contribution
69 21 rate determined under this section. The percentage
69 22 surcharge shall be capped at a maximum of seven
69 23 dollars per employee. The department shall adopt
69 24 rules prescribing the manner in which the surcharge
69 25 will be collected. Interest shall accrue on all
69 26 unpaid surcharges under this subsection at the same
69 27 rate as on regular contributions and shall be
69 28 collectible in the same manner. Interest accrued and
69 29 collected under this paragraph and interest earned and
69 30 credited to the fund under paragraph "b" shall be used
69 31 by the department only for the purposes set forth in
69 32 paragraph "c".

69 33 Sec. 123. Section 96.7, subsection 12, paragraph
69 34 d, Code 2003, is amended to read as follows:
69 35 d. This subsection is repealed July 1, ~~2003~~ 2006,
69 36 and the repeal is applicable to contribution rates for
69 37 calendar year ~~2004~~ 2007 and subsequent calendar years.
69 38 Sec. 124. EFFECTIVE DATE. This division of this
69 39 Act, concerning the unemployment compensation
69 40 surcharge, being deemed of immediate importance, takes
69 41 effect upon enactment.

69 42 DIVISION XX

69 43 ECONOMIC DEVELOPMENT

69 44 Sec. 125. NEW SECTION. 15E.18 CITIES, COUNTIES,
69 45 AND REGIONS == SITE PREPARATION FOR TARGETED ECONOMIC
69 46 DEVELOPMENT.

69 47 1. For purposes of this section, "region" means a
69 48 group of two or more contiguous counties that
69 49 establishes a single, focused economic development
69 50 effort.

70 1 2. A city, county, or region, subject to the
70 2 approval of the property owner, may designate an area
70 3 within the boundaries of the city, county, or region
70 4 for a specific type of targeted economic development.
70 5 The specific type of targeted economic development
70 6 shall be one of the following:

- 70 7 a. Manufacturing.
- 70 8 b. Light industrial.
- 70 9 c. Warehouse and distribution.
- 70 10 d. Office parks.
- 70 11 e. Business and commerce parks.
- 70 12 f. Research and development.

70 13 3. A city, county, or region that designates an
70 14 area for a specific type of targeted economic
70 15 development may apply to the department for purposes
70 16 of certifying the area as a preapproved development
70 17 site. The department shall develop criteria for the
70 18 certification process.

70 19 4. Prior to a specific project being developed, a
70 20 city, county, or region designating the area for
70 21 targeted economic development pursuant to this section
70 22 may apply for and obtain appropriate licenses,
70 23 permits, and approvals for the type of targeted

70 24 economic development project desired for the area.

70 25 Sec. 126. NEW SECTION. 15E.19 REGULATORY

70 26 ASSISTANCE.

70 27 1. The department of economic development shall
70 28 coordinate all regulatory assistance for the state of
70 29 Iowa. Each state agency with regulatory programs for
70 30 business shall maintain a coordinator within the
70 31 office of the director or the administrative division
70 32 of the state agency. Each coordinator shall do all of
70 33 the following:

70 34 a. Serve as the department of economic
70 35 development's primary contact for regulatory affairs.

70 36 b. Provide regulatory requirements to businesses
70 37 and represent the agency in the private sector.

70 38 c. Monitor permit applications and provide timely
70 39 permit status information to the department of
70 40 economic development.

70 41 d. Have the ability to require regulatory staff
70 42 participation in negotiations and discussions with
70 43 businesses.

70 44 e. Notify the department of economic development
70 45 regarding proposed rulemaking activities that impact a
70 46 regulatory program and any subsequent changes to a
70 47 regulatory program.

70 48 2. The department of economic development shall,
70 49 in consultation with the coordinators described in
70 50 this section, examine, and to the extent permissible,
71 1 assist in the implementation of methods, including the
71 2 possible establishment of an electronic database, to
71 3 streamline the process for issuing permits to
71 4 business.

71 5 3. By January 15 of each year, the department of
71 6 economic development shall submit a written report to
71 7 the general assembly regarding the provision of
71 8 regulatory assistance by state agencies, including the
71 9 department's efforts, and its recommendations and
71 10 proposed solutions, to streamline the process of
71 11 issuing permits to business.

71 12 Sec. 127. NEW SECTION. 15E.20 PERMIT APPROVAL
71 13 REQUIREMENTS.

71 14 A state agency which requires a permit, license, or
71 15 other regulatory approval shall issue or deny the
71 16 permit, license, or other regulatory approval within
71 17 ninety days of the receipt by the state agency of an
71 18 application. Unless such a state agency communicates
71 19 any concerns to or requests additional information
71 20 from an applicant within ten days of the receipt of
71 21 the application, the application shall be considered
71 22 complete. A permit, license, or other regulatory
71 23 approval not issued or denied within the ninety days
71 24 shall be deemed to be issued and valid.

71 25 DIVISION XXI

71 26 UTILITY SALES TAX EXEMPTION

71 27 Sec. 128. Section 422.45, subsection 61, paragraph
71 28 b, subparagraphs (2), (3), (4), and (5), Code 2003,
71 29 are amended to read as follows:

71 30 (2) If the date of the utility billing or meter
71 31 reading cycle of the residential customer for the
71 32 sale, furnishing, or service of metered gas and
71 33 electricity is on or after January 1, 2003, through
71 34 ~~December 31, 2003~~ June 30, 2008, or if the sale,
71 35 furnishing, or service of fuel for purposes of
71 36 residential energy and the delivery of the fuel occurs
71 37 on or after January 1, 2003, through ~~December 31, 2003~~
71 38 June 30, 2008, the rate of tax is three percent of the
71 39 gross receipts.

71 40 (3) If the date of the utility billing or meter
71 41 reading cycle of the residential customer for the
71 42 sale, furnishing, or service of metered gas and
71 43 electricity is on or after ~~January 1, 2004~~ July 1,
71 44 ~~2008~~, through ~~December 31, 2004~~ June 30, 2009, or if
71 45 the sale, furnishing, or service of fuel for purposes
71 46 of residential energy and the delivery of the fuel
71 47 occurs on or after ~~January 1, 2004~~ July 1, 2008,
71 48 through ~~December 31, 2004~~ June 30, 2009, the rate of
71 49 tax is two percent of the gross receipts.

71 50 (4) If the date of the utility billing or meter
72 1 reading cycle of the residential customer for the
72 2 sale, furnishing, or service of metered gas and
72 3 electricity is on or after ~~January 1, 2005~~ July 1,
72 4 ~~2009~~, through ~~December 31, 2005~~ June 30, 2010, or if

72 5 the sale, furnishing, or service of fuel for purposes
72 6 of residential energy and the delivery of the fuel
72 7 occurs on or after ~~January 1, 2005~~ July 1, 2009,
72 8 through ~~December 31, 2005~~ June 30, 2010, the rate of
72 9 tax is one percent of the gross receipts.
72 10 (5) If the date of the utility billing or meter
72 11 reading cycle of the residential customer for the
72 12 sale, furnishing, or service of metered gas and
72 13 electricity is on or after ~~January 1, 2006~~ July 1,
72 14 2010, or if the sale, furnishing, or service of fuel
72 15 for purposes of residential energy and the delivery of
72 16 the fuel occurs on or after ~~January 1, 2006~~ July 1,
72 17 2010, the rate of tax is zero percent of the gross
72 18 receipts.

72 19 DIVISION XXII

72 20 STATE ASSISTANCE FOR EDUCATIONAL INFRASTRUCTURE

72 21 Sec. 129. NEW SECTION. 292A.1 DEFINITIONS.

72 22 As used in this chapter, unless the context

72 23 otherwise requires:

72 24 1. "Capacity per pupil" means the sum of a school
72 25 district's property tax infrastructure capacity per
72 26 pupil and the sales tax capacity per pupil.

72 27 2. "Committee" means the school budget review
72 28 committee established in section 257.30.

72 29 3. "Department" means the department of education
72 30 established in section 256.1.

72 31 4. "Fund" means the state assistance for
72 32 educational infrastructure fund created in section
72 33 292A.3.

72 34 5. "Local match percentage" means a percentage
72 35 equivalent to either of the following, whichever is
72 36 less:

72 37 a. Fifty percent.

72 38 b. The quotient of a school district's capacity
72 39 per pupil divided by the capacity per pupil of the
72 40 school district at the fortieth percentile, multiplied
72 41 by fifty percent, except that the percentage in this
72 42 paragraph shall not be less than twenty percent.

72 43 6. "Program" means the state assistance for
72 44 educational infrastructure program established in
72 45 section 292A.2.

72 46 7. "Property tax infrastructure capacity per
72 47 pupil" means the sum of a school district's levies
72 48 under sections 298.2 and 298.18 when the levies are
72 49 imposed to the maximum extent allowable under law in
72 50 the budget year divided by the school district's basic
73 1 enrollment for the budget year.

73 2 8. "Sales tax capacity per pupil" means the
73 3 estimated amount of revenues that a school district
73 4 receives or would receive if a local sales and
73 5 services tax for school infrastructure is imposed at
73 6 one percent pursuant to section 422E.2, divided by the
73 7 school district's basic enrollment for the budget
73 8 year.

73 9 9. "School infrastructure" means activities
73 10 initiated on or after July 1, 2003, for which a school
73 11 district is authorized to contract indebtedness and
73 12 issue general obligation bonds under section 296.1,
73 13 except those activities related to a teacher's or
73 14 superintendent's home or homes, to stadiums, to the
73 15 improving of a site for an athletic field, or to the
73 16 improving of a site already owned for an athletic
73 17 field. These activities include the construction,
73 18 reconstruction, repair, demolition work, purchasing,
73 19 or remodeling of schoolhouses and bus garages and the
73 20 procurement of schoolhouse construction sites and the
73 21 making of site improvements and those activities for
73 22 which revenues under section 298.3 or 300.2 may be
73 23 spent.

73 24 Sec. 130. NEW SECTION. 292A.2 STATE ASSISTANCE
73 25 FOR EDUCATIONAL INFRASTRUCTURE PROGRAM.

73 26 1. a. The department shall establish and
73 27 administer a state assistance for educational
73 28 infrastructure program to provide financial assistance
73 29 in the form of grants to school districts with school
73 30 infrastructure needs.

73 31 b. The department of education, in consultation
73 32 with the department of management, shall annually
73 33 compute the property tax infrastructure capacity per
73 34 pupil for each school district in the state.

73 35 c. The department of education, in consultation

73 36 with the department of revenue and the legislative
73 37 services agency, shall annually calculate the
73 38 estimated sales and services tax for school
73 39 infrastructure, if imposed at one percent, that is or
73 40 would be received by each school district in the state
73 41 pursuant to section 422E.3. These calculations shall
73 42 be made on a total tax and on a tax per pupil basis
73 43 for each school district.

73 44 d. The department of education, in consultation
73 45 with the department of revenue and the department of
73 46 management, shall annually compute capacity per pupil
73 47 and the local match percentage for each school
73 48 district in the state. The calculations shall be
73 49 released not later than September 1 of each year.

73 50 2. a. A school district's local match requirement
74 1 is equivalent to the total investment of a project
74 2 multiplied by the school district's local match
74 3 percentage. A school district may submit an
74 4 application to the department for financial assistance
74 5 under the program if the school district meets the
74 6 district's local match requirement through one or more
74 7 of the following sources:

74 8 (1) The issuance of bonds pursuant to section
74 9 298.18.

74 10 (2) Local sales and services tax moneys received
74 11 pursuant to section 422E.3.

74 12 (3) A physical plant and equipment levy under
74 13 chapter 298.

74 14 (4) Other moneys locally obtained by the school
74 15 district excluding other state or federal grant
74 16 moneys.

74 17 b. If the project is in collaboration with other
74 18 public or private entities, the school district shall
74 19 be eligible to apply for only the school district's
74 20 portion of the project. As such, state or federal
74 21 grants received by the other entities cannot be used
74 22 toward the local match requirement under paragraph
74 23 "a", subparagraph (4).

74 24 c. A school district may submit an application for
74 25 a project which includes activities at more than one
74 26 attendance center. However, if the activities relate
74 27 to new construction, the project shall only relate to
74 28 one attendance center.

74 29 d. A school district may submit an application for
74 30 conditional approval to the department for financial
74 31 assistance under the program if the school district
74 32 submits a plan for securing the school district's
74 33 local match requirement under paragraph "a". If a
74 34 school district does not meet the local match
74 35 requirement of paragraph "a" within nine months of
74 36 receiving conditional approval from the department,
74 37 the application for financial assistance shall be
74 38 denied by the department and the financial assistance
74 39 shall be carried forward to be made available under
74 40 the allocation provided under subsection 5, paragraph
74 41 "d", for the next available grant cycle.

74 42 e. For the fiscal year beginning July 1, 2003, and
74 43 every fiscal year thereafter, applications shall be
74 44 submitted to the department by October 15 of each
74 45 year.

74 46 f. For the fiscal year beginning July 1, 2003, and
74 47 every fiscal year thereafter, the department shall
74 48 notify all approved applicants by December 15 of each
74 49 year regarding the approval of the application.

74 50 g. An applicant which is not successful in
75 1 obtaining financial assistance under the program may
75 2 reapply for financial assistance in succeeding years.

75 3 3. The application shall include, but shall not be
75 4 limited to, the following information:

75 5 a. The total capital investment of the project.

75 6 b. The amount and percentage of moneys which the
75 7 school district will be providing for the project.

75 8 c. The infrastructure needs of the school
75 9 district, especially the fire and health safety needs
75 10 of the school district, and including the extent to
75 11 which the project would allow the school district to
75 12 meet the infrastructure needs of the school district
75 13 on a long-term basis.

75 14 d. The financial assistance needed by the school
75 15 district based upon the capacity per pupil.

75 16 e. Any previous efforts by the school district to

75 17 secure infrastructure funding from federal, state, or
75 18 local resources, including any funding received for
75 19 any project under the school infrastructure program
75 20 provided in chapter 292. The previous efforts shall
75 21 be evaluated on a case-by-case basis.

75 22 f. Evidence that the school district meets or will
75 23 meet the local match requirement in subsection 2,
75 24 paragraph "a".

75 25 g. The nature of the proposed project and its
75 26 relationship to improving educational opportunities
75 27 for the students.

75 28 h. Evidence that the school district has
75 29 reorganized on or after July 1, 2002, or that the
75 30 school district has initiated a resolution to
75 31 reorganize by July 1, 2005, or entered into an
75 32 innovative collaboration with another school district
75 33 or school districts.

75 34 i. Evidence that the school district receives
75 35 sales and services tax for school infrastructure
75 36 funding under section 422E.3.

75 37 4. A school district with less than two hundred
75 38 fifty actual enrollment or less than one hundred
75 39 actual enrollment in the high school that submits an
75 40 application for assistance for new construction or for
75 41 payments for bonds issued for new construction shall
75 42 include on the application, in addition to that in
75 43 subsection 3, all of the following:

75 44 a. Enrollment trends in the grades that will be
75 45 served at the new construction site.

75 46 b. The infeasibility of remodeling,
75 47 reconstructing, or repairing existing buildings.

75 48 c. The fire and health safety needs of the school
75 49 district.

75 50 d. The distance, convenience, cost of
76 1 transportation, and accessibility of the new
76 2 construction site to the students to be served at the
76 3 new construction site.

76 4 e. Availability of alternative, less costly, or
76 5 more effective means of serving the needs of the
76 6 students.

76 7 f. The financial condition of the district,
76 8 including the effect of the decline of the budget
76 9 guarantee and unspent balance.

76 10 g. Broad and long-term ability of the district to
76 11 support the facility and the quality of the academic
76 12 program.

76 13 h. Cooperation with other educational entities
76 14 including other school districts, area education
76 15 agencies, postsecondary institutions, and local
76 16 communities.

76 17 5. A school district shall not receive more than
76 18 one grant under the program. The financial assistance
76 19 shall be in the form of grants and shall be allocated
76 20 in the following manner:

76 21 a. Twenty-five percent of the financial assistance
76 22 each year shall be awarded to school districts with an
76 23 enrollment of one thousand one hundred ninety-nine
76 24 students or less.

76 25 b. Twenty-five percent of the financial assistance
76 26 each year shall be awarded to school districts with an
76 27 enrollment of more than one thousand one hundred
76 28 ninety-nine students but not more than four thousand
76 29 seven hundred fifty students.

76 30 c. Twenty-five percent of the financial assistance
76 31 each year shall be awarded to school districts with an
76 32 enrollment of more than four thousand seven hundred
76 33 fifty students.

76 34 d. Twenty-five percent of the financial assistance
76 35 each year, any financial assistance not awarded under
76 36 paragraphs "a" through "c", and financial assistance
76 37 not awarded in previous fiscal years shall be awarded
76 38 to school districts with any size enrollment.

76 39 6. A district shall receive the lesser of one
76 40 million dollars of financial assistance under the
76 41 program, or the total capital investment of the
76 42 project minus the local match requirement. If the
76 43 amount of grants awarded in a fiscal year is less than
76 44 the maximum amount provided for grants for that fiscal
76 45 year, the amount of the difference shall be carried
76 46 forward to subsequent fiscal years for purposes of
76 47 providing grants under the program and the maximum

76 48 amount of grants for each fiscal year shall be
76 49 adjusted accordingly.

76 50 7. The school budget review committee shall review
77 1 all applications for financial assistance under the
77 2 program and make recommendations regarding the
77 3 applications to the department. The department shall
77 4 make the final determination on grant awards. The
77 5 school budget review committee shall base the
77 6 recommendations on the criteria established pursuant
77 7 to subsections 3 and 8 and subsection 4, if
77 8 applicable.

77 9 8. The department shall form a task force to
77 10 review applications for financial assistance and
77 11 provide recommendations to the school budget review
77 12 committee. The task force shall include, at a
77 13 minimum, representatives from the kindergarten through
77 14 grade twelve education community, the state fire
77 15 marshal, and individuals knowledgeable in school
77 16 infrastructure and construction issues. The
77 17 department, in consultation with the task force, shall
77 18 establish the parameters and the details of the
77 19 criteria for awarding grants based on the information
77 20 listed in subsection 3, including greater priority to
77 21 the following:

77 22 a. A school district with a lower capacity per
77 23 pupil.

77 24 b. A school district whose plans address specific
77 25 occupant safety issues.

77 26 c. A school district reorganizing or collaborating
77 27 as described in subsection 3, paragraph "h".

77 28 d. A school district for which a sales and
77 29 services tax for school infrastructure has not been
77 30 imposed pursuant to section 422E.2 or a school
77 31 district receiving minimal revenues under section
77 32 422E.3 when the total enrollment of the school
77 33 district is considered.

77 34 9. An applicant receiving financial assistance
77 35 under the program shall submit a progress report to
77 36 the department as requested by the department which
77 37 shall include a description of the activities under
77 38 the project, the status of the implementation of the
77 39 project, and any other information required by the
77 40 department.

77 41 10. A school district located in whole or in part
77 42 in a county which has imposed the maximum rate of
77 43 sales and services tax for school infrastructure
77 44 pursuant to section 422E.2 and has sales and services
77 45 tax for school infrastructure revenue of more than the
77 46 statewide average of sales tax capacity per pupil, as
77 47 defined in section 292.1, subsection 8, shall not be
77 48 eligible for financial assistance under the program.
77 49 For purposes of this subsection, an individual school
77 50 district's sales tax capacity per pupil is the
78 1 estimated total sales and services tax for
78 2 infrastructure revenue to be actually received by the
78 3 school district divided by the school district's
78 4 enrollment as specified in section 292.1, subsection
78 5 8.

78 6 Sec. 131. NEW SECTION. 292A.3 STATE ASSISTANCE
78 7 FOR EDUCATIONAL INFRASTRUCTURE FUND.

78 8 A state assistance for educational infrastructure
78 9 fund is created as a separate and distinct fund in the
78 10 state treasury under the control of the department.
78 11 Moneys in the fund include revenues credited to the
78 12 fund pursuant to this chapter, appropriations made to
78 13 the fund, and other moneys deposited into the fund.
78 14 Any amounts disbursed from the fund shall be utilized
78 15 for school infrastructure purposes as provided in this
78 16 chapter.

78 17 Sec. 132. NEW SECTION. 292A.4 RULES.

78 18 The department shall adopt rules, pursuant to
78 19 chapter 17A, necessary for administering the state
78 20 assistance for educational infrastructure program and
78 21 fund.

78 22 DIVISION XXIII
78 23 EFFECTIVE DATE

78 24 Sec. 133. EFFECTIVE DATE. Unless otherwise
78 25 provided in this Act, this Act takes effect July 1,
78 26 2003.>

78 27 #____. Title page, by striking lines 1 and 2 and
78 28 inserting the following: <An Act concerning

78 29 regulatory, taxation, and statutory requirements
78 30 affecting individuals and business relating to
78 31 taxation of property, income and utilities, liability
78 32 reform, workers' compensation, financial services,
78 33 unemployment compensation employer surcharges,
78 34 economic development, and school infrastructure
78 35 assistance, and including effective date,
78 36 applicability, and retroactive applicability
78 37 provisions.>>
78 38
78 39
78 40 _____
78 41 LARRY MCKIBBEN
78 42 HF 692.318 80
78 43 sc/cf